

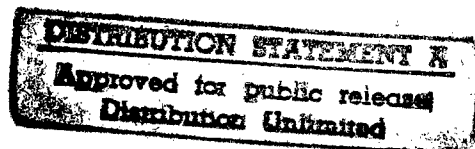
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12 March 1984

# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS



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12 March 1984

## EAST EUROPE REPORT

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## INTERNATIONAL AFFAIRS

### CEMA'S ECONOMIC STRATEGY: INTEGRATION, R&D

Prague NOVA MYSL in Czech No 1, 6 Dec 83 pp 50-59

[Article by Oldrich Chronc, member of the Political College of the CPCZ Central Committee: "Improving the Process of International Socialist Economic Integration"]

[Text] The economic policy of the Marxist-Leninist parties which are members of CEMA is based on the understanding and planned utilization of the objective laws of socialism which reflect the substance of historically new production methods. The development of the productive forces in the socialist community parallels a more active and extensive operation and the application of the economic laws of socialism and mutual relations of the national economic organizations of the CEMA member-countries.

At present, expanded socialist production is characterized by the strengthening of the interaction of two processes. First, the dynamic development and improvement of the national economic organizations of the sovereign socialist countries which, since the start of the 1980's, have strengthened the intensive character of their economic growth. Second, we can see the strengthening of their organic interaction, especially as a result of the comprehensive improvement and strengthening of international socialist economic integration.

Following the victorious socialist revolution, V.I. Lenin saw the center of gravity as being in the field of politics and economics. His theoretical legacy is permeated by the idea that "...communism can be appreciated only if it is based on economics". The permanent securing of the development of manpower in order to fulfill the final goals of socialism and communism is among the major tasks of politics and economics during the period of building a new society. At the same time, this creates a material and technical base corresponding to changing conditions and needs.

One of the irreplaceable aspects of building a developed socialist society is the continuous improvement and perfection of socioeconomic relations and of the mechanism for their operation. The improvement in the system of socioeconomic relations and the mechanism for their functioning becomes, because of the increasingly complex conditions of the development of society, more and more topical and necessary, especially with regard to further

intensification of the process of international socialist economic integration. It is determined especially by the active use of the objective processes of economic development of a socialist society, by the dynamics of the process which tries to bring together and equalize the economic level of socialist countries, by their economic and scientific-technical potential, and by the possibilities of slating the long-range and comprehensive character of future development.

The scientific understanding of the objective laws of economic development, especially of the process of internationalizing economic life as one of the pillars of contemporary economic policy, plays an ever-growing role in the formulation of the programmatic documentation of the communist and workers parties of the entire socialist community.

The development of international socialist economic integration and at the same time of the individual national economic organizations of the CEMA member-countries does not take place in isolation. The member-states reject economic isolation as alien to socialism. The process of international socialist integration takes place in a dialectical relationship with the development of the world economy. This relationship also has very important political significance, especially during a period of peaceful coexistence characterized at the same time by the mutual struggle between two different socioeconomic systems and in formulating cooperation and friendship with the developing countries which have chosen a non-capitalist path of development, especially with those countries which are engaged in socialist construction. The building of a socialist economy must take into account developments in this part of the world.

The international socialist division of labor parallels the worldwide division of labor. The CEMA member-countries, when implementing the principles of their peace-loving and peace-oriented policies, are ready to expand and improve mutual and equal relations with all other countries, regardless of their social and political systems. The extent and scope of mutual economic and scientific-technical relations with the capitalist countries has so far lagged very much behind the use of the potentials of a worldwide division of labor. This, however, is not the fault of the foreign policies of the CEMA member-countries.

The decisive course in the direction of intensifying economic development was adopted by the communist and workers parties of the European CEMA member-countries at their respective congresses in the early 1980's. These parties also adopted measures for the realization of the strategic plan for the 1981-1985 period and in some cases until 1990. As far as the content and resolutions of these congresses are concerned, we must emphasize the fact that the intensification of economic development in the CEMA member-countries must under all circumstances be accompanied by their increased participation in the international socialist division of labor and the corresponding changes in economic and scientific-technical cooperation, especially in improving the management of this cooperation.

In connection with the intensification and long-range strategy of cooperation, the 26th CPSU Congress stated: "Life demands that the coordination of plans be accompanied by the coordination of the entire economy."

At the 36th CEMA meeting held in Budapest in June 1982, this thesis was adopted by all member-countries as binding. At that meeting, the chairman of the USSR Council of Ministers, N. Tikhonov, made the statement that "The need for a closer relationship among the countries of our community is not dictated by external conditions only. In the first place, it is based on the need to accelerate the transition of the national economy to intensive development. For that purpose there must be a thorough restructuring of social production on a progressive scientific-technical base, taking into consideration the mutually complementary economies of our countries. It is necessary to agree jointly on strategic decisions, elect effective changes in production specialization, and rationally link scientific and technical potentials with one another. It is also necessary further to improve the economic mechanism of cooperation."

The communist and workers parties of the European CEMA member-countries believe that the most important and long-range problem of realizing further significant steps in the development of the international socialist division of labor and integration is a common shift toward intensified economic development. However, the realization of such a transition is not simple.

At this point Comrade Andropov stated: "Until now, we have not yet fully studied the society in which we live and work; we have not yet fully discovered all its laws, especially economic laws. Hence, we are often forced to pursue the empirical approach based on the irrational method of trial and error. Science, regretfully, has not applied the necessary solution to serious problems corresponding to the principles and conditions of advanced socialism. What do I mean? In the first place, I have in mind the selection of the most reliable methods for increasing the effectiveness of production and its quality... and not only that. Life constantly brings forth new problems which affect the progress of our socialist society."

Socialist economic integration has become an important and indispensable factor in the development of the national economies of the CEMA member-countries. The report of the CPSU Central Committee presented at the 26th Congress stated: "Today, one cannot picture the continuous development of any socialist country and a successful solution, for example, of such problems as securing energy resources and raw materials and introducing the most modern results of science and technology into practice without cooperation with other fraternal countries." This conclusion fully conforms to the content of the strategic tasks adopted by the congresses of the communist and workers parties of the CEMA member-countries. These countries also emphasized the need to base their development on improved and expanded socialist economic integration. The basic line in this respect was also spelled out in a speech delivered by Comrade Y.V. Andropov at the November 1982 plenum of the CPSU Central Committee: "We are trying to make comradesly cooperation and socialist mutual assistance among fraternal



countries in the development of the external economic relations of the USSR. The resolution adopted at the plenum emphasized the need for "increasing external economic relations, in the first place the need to broaden and improve cooperation with the socialist countries."

Economic progress of the CEMA member-countries is subordinated to a general dialectics of development, characterized not only by success but also by new complicated and difficult tasks. Socialist economic integration often encounters complex problems which must be overcome with the help of not only operational but, in the first place, long-range solutions. We must emphasize categorically the need for cooperation among the CEMA member-countries in connection with worldwide economic difficulties and the international political situation. The integration strategy of the CEMA countries requires the existence of precise, new, long-range prospects of coordinated economic policy until the 1995-2000 period and at the same time improvement of the mechanism of cooperation.

The report entitled "The main directions of the CSSR's economic and social development during the 1981-1985 period" delivered at the 16th CPCZ Congress stated: "At the same time it is obvious that we urgently need--as part of a long-range plan--the preparation of directions of our participation in the development of socialist economic integration, taking into consideration the pressing changes in the structure of the Czechoslovak economy."

The problems of the further expansion and improvement of integration are expected to be on the agenda of the next summit meeting of the CEMA countries' leaders. In this way the CEMA member-countries implement the recommendation of the 26th CPSU Congress and prepare, under the guidance and close control of the highest party organs, such a meeting. They would like to see such a summit as the beginning of a new stage of economic cooperation and socialist economic integration.

In connection with the preparations for the summit meeting, the pertinent CEMA organs and scientific and other workplaces of the member-states concentrate their attention and effort on the solution of problems which must be solved within the foreseeable future. The focus is on the search and perfect scientific justification of concrete forms and methods for unifying the economic policy of our countries, the determination of ways and means through which we might bring together the structures of their economic mechanisms and the development of direct relations between economic organizations and the establishment of joint enterprises.

The determination of a proper orientation for future development is possible only on the basis of comprehensive scientific analyses of the preceding development and of the existing situation.

The present stage of cooperation of our countries had its beginnings at the end of the 1960's and early 1970's, and its origin can be traced to the work and decisions of the 23rd (special) meeting of CEMA. This was a summit meeting of party and government leaders which determined the strategy of socialist economic integration for the next 15 to 20 years.

Since that time the process of international socialist economic integration has obviously expanded and improved. This positive development was reflected, for example, in the fact that during the 1971-1982 period the mutual turnover of foreign trade of the CEMA member-countries almost quadrupled. This period was also characterized by the discovery of a large number of the most important scientific-technical ideas in the areas of electronic computers, space research, nuclear energy use, etc. The input of all CEMA member-countries to the cooperative efforts which resulted in economic progress was significant. It was no accident that the rate of economic development of the CEMA member-countries in the 1970's was substantially higher than the rate of development in the capitalist countries. This lead was maintained, in spite of extraordinary difficulties, even during the 1981-1982 period. This fact is a real achievement and a manifestation of the advantage of the socialist method of management, and thus also of socialist economic integration. Generally, we can state, on the basis of the evaluation of results of development during the preceding stage, that the established joint production and scientific-technical potential of the CEMA member-countries also makes it possible to solve especially difficult tasks.

The acceleration of the transition from an extensive to an intensive type of economic growth is more and more topical especially in the USSR, German Democratic Republic, Hungarian People's Republic, and the CSSR. Except for the USSR, external economic relations have an ever-growing significance for the economies of these countries. In spite of this, however, the degree of their participation in the international socialist division of labor is still relatively low. In connection with the transition toward an intensive type of economic growth with a relatively high parallel of the structures and the uneven rate of growth, there is growing pressure for the intensification of participation of the economies of the European CEMA member-countries, especially with respect to effectiveness and cooperation.

The transition to an intensive type of economic growth in the national economies of the European CEMA member-countries at the beginning of the 1980's has run counter to the achieved degree of development of international socialist division of labor and integration.

The main direction of development of the CEMA member-countries in the forthcoming period is the acceleration of the rate of intensification of the national economy based on broad scientific-technical development.

Basically, the European CEMA member-countries have exhausted their extensive growth resources. For all practical purposes, there are no other possibilities for further economic development beyond the maximum effective use of those resources which are more or less available for such development. Hence the need for the optimal use of labor, the effective use of fuel, power, raw materials, basic assets, land, and water in final production.

This approach is necessary because of the high prices of fuel, energy and raw materials and because of the growth of investment expenditures to procure them. For example, the cost of production of a ton of crude oil in the USSR has more than doubled in the course of the last 5-year plan in comparison with 1972. During the current 5-year plan the cost is still rising. The overall cost of mining iron ore has more than tripled during the past 13 years. In addition to these increases, the CEMA member-countries were forced to increase allocations to agricultural production. We are also witnessing the rising cost of scientific-technical development, environmental problems, transportation problems, etc. We feel very strongly the consequences of turbulence in the international situation and of the need to improve and strengthen the ability of the socialist countries to defend themselves. Problems also arise from increased discrimination waged against socialist countries, further limitations of their exports and on the imports of modern technology from certain advanced capitalist countries, especially the USA. In other words, these difficulties result from the well-known policies of the capitalist countries.

The acceleration of scientific-technical development is a priority goal of the economic strategy of the CEMA member-countries in the 1980's. The joint preparation of scientific tasks within the framework of CEMA aims at creating new progressive technological processes which would revolutionize production. These tasks aim at securing the full and comprehensive processing of fuel and raw materials, fully utilizing industrial and other waste, saving energy and manpower resources, discovering new materials, improving the quality of manufactured metals, producing anticorrosion materials, etc. A special place is assigned to the task of broadly applying automated production on the basis of microprocessing technology, industrial robots and manipulators which makes it possible in the engineering sector, for example, to create flexible integrated production units, automatic lines and fully automated production in conjunction with programmed equipment and other tool-making instrumentation.

In this connection it is necessary to emphasize that the broad use of microprocessors and robots leads to far-reaching technical as well as social changes in the economy and life of the CEMA member-countries. For example, the introduction of 1,000 units operated by programmed microcomputers can lead to the loss of 2,500 workers. The introduction of each 1,000 industrial robots will mean a loss of an additional 2,500 workers. The replacement of minicomputers by microelectronic computer technology in technical operations will increase the latter's reliability by a factor of 7 to 10 and can reduce the prices 5 to 7 times and significantly lower the number of management workers. In order to secure the development of R&D, production, and the application microprocessor technology and industrial robots in the national economy, general agreements were signed on a high level concerning the organization of international specialization and cooperation in this area.

Energy remains an important factor of economic growth. The CEMA member-countries pay special attention to the problems of fuel and energy. They hope to solve these problems by jointly acquiring natural resources and

conserving energy consumption. During the past decade, the CEMA community was the only industrially advanced part of the world able to deal with the world energy crisis. A significant role here has been played, for example, by the jointly built Soyuz gas pipeline, the construction of nuclear power plants with Soviet technical assistance, and the improvement of joint energy systems. Practice has clearly confirmed the correctness of the decisions made to work out, in a planned way, approaches in utilizing one's own energy resources and securing energy independence for the countries of the socialist community. When formulating strategic policy for the 1980's, the CEMA member-countries started from the need to create a broad program of development in their fuel-energy conservation. As far as the solution of the energy problem is concerned, two basic directions are to be mentioned: one is connected with the reduction in energy demand by social production and maximum saving of all types of energy, and the second deals with the changes needed in the structure of the energy balance.

The CEMA member-countries have launched a program for the construction of nuclear power plants. This was done on the basis of joint production of the equipment. Already during the current 5-year plan, the increment in the production of electric power in the European CEMA member-countries will be secured primarily by increased production in nuclear power plants, whose capacity will more than double. In the Hungarian People's Republic and in the CSSR, for all practical purposes the entire increase in the production of electric power will originate from newly built nuclear power plants. At the same time, it is necessary to emphasize that we are talking not only about a simple increase in the number of nuclear power plants. In a short time, VVER-440 reactors will be replaced by VVER-1000 reactors, which will make it possible substantially to reduce the cost of a kilowatt-hour of electric power. The first electric power plant equipped with a reactor of this type is being constructed in Bulgaria with the technical assistance of the Soviet Union. Czechoslovak enterprises, too, have adopted the construction of reactors of this type. A very effective trend in the development of nuclear power is its utilization as a source of heat. From the economic viewpoint nuclear power plants, especially as a source of heat, have numerous advantages. They save on expensive fossil fuel while the production cost of the released heat is much lower than in the case of thermal plants of the same capacity using, for example, residual fuel oil. Scientific-technical research and experiments confirm the possibility of constructing reliable, safe and economically effective nuclear electric-thermal plants. At present, such construction is being done near Voronezh and Gorky in the USSR. Fraternal socialist countries, which no doubt are already engaged in the practical elaboration of these trends of cooperation, are greatly interested in acquiring experience.

Increasing the share of gas in overall consumption is a significant way to improve energy balance. The known gas reserve located on the territories of socialist countries are sufficiently large. The advantage of using gas as a top-quality industrial and household fuel constantly increases the demand for it on world markets. We are witnessing the growing significance of gas as a valuable chemical raw material. The results of research conducted by Soviet scientists show, for example, that gas can be successfully

used as a top-quality primary raw material in the production of synthetic protein fodder. This, naturally, opens the door for new and improved possibilities of its effective use. The Soviet Union has been shipping large amounts of natural gas to fraternal countries for a number of years. The 26th CPSU Congress once again emphasized the need for cooperation in extracting and transporting natural gas from the West Siberian deposits. The Soviet energy program includes not only meeting the needs of the Soviet economy but also takes into consideration the interests of our fraternal countries. At the same time, this program uncovers vast possibilities of a mutually advantageous solution of energy problems on the all-European scale.

The Soviet Union has proposed more than once an all-European conference to deal with the problems of energy and transportation. This initiative is very optical at present and a number of West European countries are interested in it. However, because of the pressure stemming primarily from the USA, this initiative is not close to realization and obstacles are being thrown in its way, counter to the national interests of European countries.

In their future development the CEMA member-countries will utilize their successes during the 1970's when, for example, common deliveries of specialized products greatly increased and achieved an average annual volume of some 25 billion rubles. New possibilities of development of international specialization and cooperation are offered by the long-term programs of cooperation and the bilateral long-term programs of specialization and cooperation of production until 1990, concluded between the USSR and the CEMA member-countries.

Inter-sectoral division of labor has especially increased in recent years. The present tasks and their solutions require, however, the strengthening primarily of intra-sectoral relations of the CEMA member-countries. Cooperation among individual industrial branches, coordinated for the period of the next two 5-year plans, creates a basis for intensifying all the work in the area of improved participation in international cooperation and specialization. The need to change the orientation of cooperation in the direction of fully using the intensive factors of growth requires in the first place greatly increased attention to the specialization of production of priority items. At the present time, it is a basis for expanding the economic relations of specialization and cooperation in nuclear engineering, the production of computers, the electronics industry, robotics, etc.

Improving international specialization and cooperation of the products of industry in general and of the engineering sector in particular, especially of basic products, parts and aggregates, materials and products from contractors, is a serious problem which has not yet been sufficiently tackled. Among the typical representatives of these products are, for example, hydraulic and pneumatic equipment, ball bearings, etc. Here, the better utilization of international specialization and cooperation of production could bring about a more optimal use of production capacities and increase the technical-economic parameters of components and final products. Basically, I am

talking about creating and organizing the production of highly specialized groups of items in the area of basic products and parts which are being used in a number of sectors of CEMA member-countries. These products will form a basis for the production of parts of the contemporary engineering industry. Calculations of Soviet economists show that a change toward the intensive development of specialization in complete production lines and parts within the framework of unified production will increase labor productivity 3 to 5 times in comparison with general production. No less important are the effects stemming from a faster improvement in the quality production organized in this way. International specialization and cooperation of production and the improvement of its quality are an important factor in the process of intensifying the economy of the CEMA member-countries.

The report of the Presidium of the CPCZ Central Committee, delivered by Presidium member and Secretary of the CPCZ Central Committee Milos Jakes at the Eighth Plenum of the Central Committee on 15-16 June 1983 and dealing with the accelerated application of the results of science and technology in practice, stated: "The evaluation of current development shows that in spite of a number of positive results it is necessary to pay increased attention to securing the strategic line of the 26th CPCZ Congress dealing with the intensification and improvement of the effectiveness of the economy."

Many results will depend on our discovering unused potential in production and scientific-technical cooperation in industrial production, in the agro-industrial sector and in the tertiary sector. Our road to success proceeds, among other things, via the coordination of our economic strategy plans.

Comrade Strougal said the following at the 37th CEMA meeting, held on 19-20 October 1983 in Berlin: "...it is obviously necessary to speed up the process of changing our national economies in the direction of intensive development even if today it is not the easiest thing to do. On this change depends further growth in the effectiveness of our economies, which in turn is inseparably related to new possibilities for further progress in socialist economic integration."

This change is intimately linked to the intensification of the process of international socialist economic integration.

Intensifying the process of international socialist economic integration is a demanding and long-term task. While theoretically it is fully obvious that we must develop this strategic orientation, we are lacking the necessary tools to do so. The resulting contradiction can be positively solved by the use of tools at our disposal; however, they must be improved through the harmonization of theory and practice, and simultaneously every effort must be made to discover new tools. In other words, the CEMA member-countries will proceed jointly and will gradually change the partial coordination of their participation in international socialist economic integration to a joint strategy by intensifying the entire process.

The adoption of this joint strategy, however, presents a number of additional problems not discussed in this article. Socialism as a socioeconomic system contains objective forces able to solve all problems of its economic development, including the strategic task of intensifying the process of international socialist economic integration. Especially the joint political decisionmaking of the fraternal communist and workers parties of the CEMA member-countries, based on their ideological and action unity, is a guarantee of success.

The 37th CEMA meeting created, through its content and adopted resolutions, the prerequisites for further improving economic cooperation in the interest of the development of socialism, and thus strengthened the initiative of the member-countries in maintaining world peace.

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## PROBLEMS IN CONVERTING AGRICULTURAL COOPERATIVES TO ENTERPRISES

Tirana PROBLEME EKONOMIKE in Albanian No 2, Apr-Jun 83 pp 94-98

[Article by Priamo Bollano, Fari Dari: "Problems in Converting Cooperatives of Higher Type into Agricultural Enterprises"]

[Text] It has now been demonstrated that collectivization of agriculture and the continual progress of the cooperativist order is the only way to build socialism in rural areas. Revolutionary transformations and all those material, social and psychological advances which have occurred and are occurring in our villages could not even be imagined without the cooperativist order and outside it. As Comrade Enver Hoxha said at the 8th Party Congress, they represent one of the greatest victories of the political line of the Party for the building of socialism.

The accomplishment of collectivization does not mark the end of the process of socialist transformation in rural areas. The building of socialism in rural areas is an unceasing revolution which embraces a range of transformations of a social, economic, ideological, cultural, organizational and technical character. The cooperativist order itself is "...in a process of continual development and progress toward the full building of socialist society."<sup>1</sup> In this process, the social aspect of work and tools of production increase to a greater degree, the features and characteristics common to two forms of socialist property are consolidated, the gradual and consequent approach to the transformation of cooperativist property into property of the whole society is made.

The transformation of cooperatives into agricultural enterprises constitutes an important condition for advancing social equality between the cooperativist peasantry and workers in enterprises, for the complete solution of the agrarian question in our country.

This is a great historical task which is not accomplished instantaneously. For its solution, our socialist revolution is also obliged to cross unknown paths onto new roads. In Marxist-Leninist economic doctrine, the theoretical elaboration of ways and means to solve this historical task was lacking until late. The classics only lay the groundwork, giving also a general image of it. They do not elaborate, either theoretically or practically, concrete ways which could be followed for the transformation of group property into



property of the whole people. In their time, revolutionary experience had not put forward the solution to such a task. The Soviet Union was unable to create this experience because the building of socialism in villages was interrupted by the revisionist counterrevolution. The re-establishment of capitalism led to the abandonment of the Leninist path to collectivization, to the parallel birth of collective capitalism and genuine private capitalist property in villages.

An original experience is now being created in our country. By its theoretical thought, the Party of Labor of Albania with Comrade Enver Hoxha at its head gives very valuable assistance in advancing the building of socialism in villages. The socio-economic processes which have occurred and are being broadened in our villages include: the economic and organizational consolidation of agricultural cooperatives; the creation of cooperatives of the higher type; the progressive intensification in the more fertile agricultural area of the country, without diverting attention from the intensification of agriculture in other zones as well, the herding of cattle and the delimiting of cooperativist farms, introducing new social elements into them, etc. These comprise a part of the historical experiences the socialist revolution in Albania has elaborated for the approaching roads and the subsequent transformation of cooperativist property into property of the whole society.

The Party must provide theoretical arguments and apply their standards in practice that lead to the complex of relations of group property with the property of the whole people. At the 8th Party Congress, Comrade Enver Hoxha stressed, "In this way the gaps in the area of relations of cooperativist property will increasingly become narrower, until the cooperativist property becomes the property of the whole people at a subsequent period."<sup>2</sup>

The transformation of agricultural cooperatives into state enterprises is a process which is accomplished in an organized, controlled, conscientious and direct manner by the Party and the socialist state. It is not left to spontaneity, it is not stimulated artificially, nor is it accomplished by and according to administrative measures. The precipitance of this process outside conditions of real possibility could compromise the conversion of cooperatives into state enterprises and could place an unjustified burden on society. On the other hand, the lack of change, its restraint, could create an obstacle to the further development and intensification of agriculture, to its conversion from a lower form to a higher form of socialist property and could cultivate and reinforce the psychology of group property to the detriment of the interests of society.

The translation of agricultural cooperatives into state enterprises is a result of the quantitative and qualitative development of productive forces and the perfection of socialist relations in production in agricultural cooperatives. It is also a result of the economic, social and ideological development of the entire country on the path of socialism. Comrade Enver Hoxha teaches us that our peasant came to agricultural collectivization gradually and with conviction, striding along the "economic road," so that after a long process of development and consolidation, by means of the economic road, he will transform the common property of the group into the property of the whole people.<sup>3</sup>

This transformation on the "economic road" cannot be implemented by destroying the socialist property of the group or by disavowing or "nationalizing" it, as bourgeois-revisionist propaganda tries to present this process. On the contrary, it is a process accomplished within the framework of socialist property, converting it from a lower form to a higher form. This transformation will open a wider field to developing productive forces, to further intensifying and modernizing agricultural production, to increasing effectiveness in productive utilization and accumulation. The extended reproduction in cooperatives that are transformed into agricultural enterprises will thus be realized on a broader and more harmonious scale.

The transformation of cooperatives into agricultural enterprises will lead to the cessation of the cooperativist form. The needs of former cooperativist workers for personal consumer goods will be provided for by the state trade. The time the cooperativist used to spend working on a farm will be utilized in greater part on collective social work and in other part on an increase in his educational, cultural, technical, professional, etc. level.

Analyzing the achievements in the development of productive forces, in the perfection of socialist relations in production and in the socialist conscience of our cooperativists, Comrade Enver Hoxha, at the 8th Party Congress stressed the need in the 7th 5-Year Plan for the transformation of several agricultural cooperatives of the higher type into agricultural enterprises. The study of concrete means and ways of implementing this directive has pointed to problems which must be taken into greater consideration in the course of the transformation of agricultural cooperatives into state enterprises.

1. Profit shows the accomplishment, accuracy and correct determination of indicators which characterize the development of productive forces from the technical-productive and socio-economic viewpoint of cooperatives which will be transformed into agricultural enterprises.

Scientific economic thought has arrived at the common conclusion that from the technical-productive viewpoint, the level of development of productive forces may express the harmonious utilization of a complex of all the following indicators: the essential tools for 100 hectares of arable land and for labor force; the stability and the level of agricultural and animal product output, computing for a long period and comparable to the average level of agricultural enterprises with the same economic orientation, or agricultural enterprises in the same district as well. The characterization of this level from the socio-economic viewpoint can be made by means of these indicators: goods produced and net income per 100 hectares of arable land, wages per day, per norm and per labor force in the agricultural cooperative, comparing this, too, with the same indicator in agricultural enterprises.

To characterize the level of development of productive forces, as a complementary indicator, use can also be made of the disposition of funds not guaranteed for wages by the cooperative, by funds free for investment, the amount of rotating funds, etc. The transformation of a cooperative into an agricultural enterprise creates the possibility for the state that these funds may be better placed into economic circulation and be utilized in a much fuller and more fruitful manner.

An independent question connected with the transformation of cooperatives of the higher type into state enterprises is the determination of indicators which express the economic advantage of this conversion in the sense that the new enterprise which will be created should not be a "burden" for the state, but assure a net income for society, indispensable for an ever greater dimension of reproduction.

Containing the elaborated concept according to the Marxist-Leninist thought of our Party on the effectiveness of production in socialism, the characterization of the effectiveness of the conversion of the cooperative into an enterprise, we consider, expresses the utilization in a combination of indicators of net production per 100 hectares and net income to society (this is basically expressed in the form of general profitability)\*, compared with the same indicator of other agricultural enterprises. As a complementary indicator, the net income of the enterprise and its profitability may also be used.

On the basis of the utilization of the aforementioned indicators, a correct judgment may be made as to whether the process of transformation of particular cooperatives of the higher type into state enterprises is ripe from the economic standpoint. In these cases, if the new enterprises which will be created by this transformation have such levels of indicators of the development of productive forces and effectiveness which approach, equal or exceed the levels of agricultural enterprises, and if, with income from the sale of products, they not only cover production costs, but assure a net income for society (on the average level of agricultural enterprises or even above this level), the conversion of the cooperative into an enterprise is advantageous for society and is ripe from the economic standpoint.

2. A very sensitive problem and one which requires careful treatment, study, and solution is that of the increased labor force coming to grips with work. As Comrade Enver Hoxha underlines: "This problem has emerged and will emerge in the future too, and therefore it requires special attention."<sup>4</sup>

As the situation stands today, the increases of new, active forces are planned and set to work in the cooperative itself; and in conditions of the new agricultural enterprise, the increases in the labor force will have to be planned and set to work within the enterprise, in all the sectors that constitute the economic and cultural life of the village, always contributing to the development of agricultural and livestock production. The increase of services for field crops, livestock and orchard culture, the better organization of work and greater investments, Comrade Enver Hoxha teaches us, "...will increase production, augment profitability and lower expenditures and the workers will not only draw their income, but will also contribute to the general development of society. There is not and cannot be another solution."<sup>5</sup> This is a wide field for generalized studies to preserve and perfect the

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\*By general profitability is understood in this case the percentage ratio of net income to society (the centralized state net income of the enterprise) divided by the full cost of production.

essential economic direction of agricultural economics, to improve the structure of sowing, to increase the mechanism of tillage--in harmony, too, with the rise in the labor force, to increase investments especially for land, livestock and orchard culture, to introduce new technology into production and in other directions.

3. The transformation of cooperatives of the higher type into agricultural enterprises also marks the disappearance of distinctions which exist between the cooperativists and agricultural workers in the area of social security, pensions, social services, trade, etc. With the transformation of cooperatives into agricultural enterprises, legal provisions will operate for state social security. But in the law together with this, experience has indicated several problems which must be better kept in view. These include the remuneration of cooperativists who do not fulfill the conditions for a pension and who do not have family members capable of working, the calculation of work seniority for pension purposes, etc.

Special measures will have to be taken gradually to better provide a series of vital communal necessities and provisions for the peasantry. The relations of the distribution of agricultural and livestock products and material and technical supplies have their own problems too, which will be practiced as in the state enterprises, creating the possibility of better supporting the increase and intensification of agricultural production.

4. The way to transformation of cooperatives into agricultural enterprises lies in the direction of associating cooperativist property with the property of the whole society. A special importance is therefore assumed by continual perfection of socialist relations in production in all cooperatives of the higher type, proceeding along the road of the complex of relations which exist in state property together with those of group property, towards enlarging the sphere of relations of property of the whole society. This is a wide field of study and action for state organs, scientific institutions and schools of higher education. The aim is the perfection of the structure of production, quantity and harmonization of the essential auxiliary and complementary branches, the deepening of concentration and specialization and the application of optimal crop rotation, the perfection of distributive relations in economic links between the state and cooperatives, etc. The question is whether this problem must be solved and treated in a graduated manner according to a certain order--at first in the cooperatives in the coastal plains zone--which is intensified by progression and represents "...a transitional phase in the consolidation of our socialist system in agriculture and in the conversion of agricultural cooperatives of the plains zone into agricultural enterprises."<sup>6</sup> Later they are to be extended to other cooperatives.

The transformation of cooperatives of the higher type into agricultural enterprises, which is beginning to be accomplished according to the 7th 5-Year Plan as a ripe economic process, will permit the accumulation of experience for other further steps which must be launched in the future. It will also create the possibility for a quicker recognition of emerging

problems and most fruitful ways for their solution--ways that must be followed in the process of development and general progress of the coo-perativist order in our socialist village.

#### NOTES

1. Enver Hoxha. "On the 7th 5-Year Plan."
2. Enver Hoxha, "Report to the 8th AWP Congress," p 38.
3. Enver Hoxha. "Reports and Speeches, 1970-1971," p 122.
4. Enver Hoxha. "On the 7th 5-Year Plan," p 336.
5. Enver Hoxha. *ibid*, p 336.
6. Enver Hoxha. "On the 7th 5-Year Plan," p 391.

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## ALBANIA

### IMPROVEMENT OF AGRICULTURAL COOPERATIVES IN MOUNTAINOUS AREAS

Tirana PROBLEME EKONOMIKE in Albanian No 2, Apr-Jun 83, pp 99-103

[Article by Stavri Mitezi, Vasil Saro: "Ways and Means to Strengthen Cooperatives in Hilly and Mountainous Areas"]

[Text] Consequent to the pursuit of its own agrarian policy, the Party continually takes manifold measures for the development of our socialist agriculture on a broad front in both the plains and the mountainous areas. As a result of the application of this correct Marxist-Leninist policy, both the hilly and mountainous zones of our country have advanced and are developing in all aspects of production and social life.

The advances are visible everywhere: in the development of productive forces, in agriculture, in industry and in other sectors, as well as in the perfection of economic relations, in general educational and cultural development, in the improvement of the peasantry's well-being, and in the political density of these broad zones in the four corners of the country. In cooperatives of the mountainous zone in 1980, as compared to 1970, the net income rose approximately 1.9 times, the production of bread grains about 1.5 times, meat 1.5 times, milk and fruit 2 times, etc. A great triumph for these zones is the fact that for several years they have been supplying themselves with bread and also selling the surplus to the state. An important role in these achievements has also been played by the financial policy of the state. The methods applied in the area of agricultural credit and investment finances, in prices and tariffs, in social security and in other directions have strongly supported the development of agricultural production and of socialist life in the village.

An entirely different picture from ours exists in the capitalist and revisionist countries. Capitalist exploitation of the broad masses of the peasantry, the irrational use of land and other natural resources, dictated by the capitalist profit interests of the moment, the collapse of land fertility and other regressive phenomena are leading agriculture in these countries directly to the abandonment of the land and the mass depopulation of mountainous zones. In this framework, the agrarian crisis is deepening and more massive chronic phenomena are occurring with regard to hunger and unemployment, the gap is widening between the peasant and the city dweller, and other antagonisms of capitalist society which constantly aggravates even further the conditions of life of simple workers in villages and in cities are taking place.

The manifold development of mountainous zones in our country is a permanent aim in the life and policy of the Party, placing the epicenter of this process in the first rank of agricultural production. At the 8th Party Congress, Comrade Enver Hoxha stressed: "The Party will devote, in the future too, great attention to the development and strengthening of cooperatives in mountainous areas. A large proportion of the country's population lives here and a considerable area of arable land is located here."<sup>1</sup> The implementation of this directive in life sets great tasks before state organs of the economy, research and scientific institutions devoted to the agricultural system, but also for cooperativists and other workers in these zones.

These are not questions only for the 13 districts considered mountainous, but for much wider zones which extend to the four corners of the country. The data indicate that 56 percent of the peasant population live in these zones. Mountainous agriculture deposits consist of about 52 percent of all arable land funds, and they realize approximately 45 percent of agricultural production in general.

An analysis of the course of agricultural production in the 13 mountainous districts shows that during the period 1975-1981, i.e. the last six years, about 9/10 of its increase accrued from the extension of the arable surface (which attained 17,000 hectares of new land). The districts of Gramsh, Librazhd, Puke, Skrapar, etc., which have opened much more new land, have increased production much more than other districts where less new land was opened. The district of Mirdita, in the last six years, has increased the fund of arable land by 38 percent and agricultural production by 44 percent. In the Kukes district, however, where the fund of arable land has not been extended, agricultural production had no growth.

Naturally, new land will continue to be opened, but the tasks of the 7th 5-Year Plan foresee that for these zones too, an essential part of the increase in agricultural and livestock production should result intensively from the increase of yield per hectare and from livestock productivity. Therefore the primary task today lies in increasing the attention to the system of opened lands, to the increment of investments to preserve the fund of land in the mountains and to increase its fertility. In these directions, it is required from the organs of agriculture in districts, from all the directors of production, the specialists and cooperativists, that all possibilities which are created on the material base, with favorable financial means and in other directions, should be better exploited.

These possibilities materialize when attention is particularly paid to the study and application of advanced experience. The cooperative of Karkanjozi in Berat is in a mountainous area, but praiseworthy work has been accomplished there and there is a perspective for the system of new lands. Other cooperatives in mountainous areas are Cangelli (in Permet), Bellova (in Diber), "Hysni Kapo" of Shishetavec (Kukes), etc., but their achievements in production, in effectiveness of expenditures, in increase of salaries and in the improvement of living conditions are much greater than those of several other cooperatives in mountainous areas. Precisely these experiences and the ways of achieving them constitute a real reserve which, with human and

material planning possibilities, achieves the objectives of intensification of production and its more rapid increase in the mountainous zones as well.

As elsewhere, in mountainous zones too the intensification of production must be guided by several economic and social objectives. All these objectives seek for a rational and effective use of expenditures and investments, and the lowering of costs for agricultural and livestock products. But at the same time, the greatest weaknesses obtain here. During the years 1975-1982, in numerous zones, irrigation capabilities rose by 35,000 hectares. The state gave 425 million lek long-term credit and 117 million lek financing translated for productive investments. Along with the hundreds of millions of lek per year computed, there are also the effects of favorable financial measures by the state for these zones through prices of accumulation and sales of the tools of production, through tariffs for working with the SMT [Machine and Tractor Station] and finances for a series of investments, etc.

Without denying the achievements in much of the districts' economy, the analyses and studies indicate that there is a low effectiveness of investments, of the created material and technical base, and of the favorable finance measures. In 1981, compared to 1975, the expenditures for production in these zones increased by 38 percent, while general wages increased by only 26 percent. It is therefore necessary throughout to proceed with studies and with pencil in hand, to require accounts for expenditures made and to demand greater responsibility for the non-realization of tasks of the plan.

Correct harmonization of human, material and technical, and natural factors in production requires better concentration of work in several essential directions on the part of cooperatives in mountainous areas:

a) Better exploiting possibilities and reserves to obtain more crops which favor the climate, land, pasturage and forest. This requires proceeding directly to the concentration and specialization of production and the establishment of appropriate rotation, also making improvements in the structure of field crops, gradually eliminating the planting of wheat over wheat, etc.

It emerges as indispensable and possible that much mountain economy take smaller livestock as its main direction. The studies and measures in this area must be widened to establish the best possible rapport among the main branches, field crops and livestock, livestock and food resources, etc., closely linking these with natural conditions, with labor forces, with requirements for the improvement of the cooperativists' life and with satisfying society's needs.

It is a fact that the keeping of small livestock has a high profitability, but the increase in their number in dimensions which are foreseen requires serious measures for food and the livestock system during the winter. In the meantime, where the possibilities exist, the keeping of cows for milk, and in some cases for meat as well, is a direction which must not be undervalued.



Experience indicates that agricultural economies with a better structure of branches also have better and more lasting results in production and income. Thus, in the district of Tropoja, where livestock yields 25 percent of income, in Tepelena and Permeti, where 27 percent and 17 percent respectively of income is secured from this sector, achievements on the whole are better and longer lasting than those in the districts of Diber, Kukes and Gramsh, where about 10 percent-12 percent of income is derived from livestock.

b) Doubling and a tripling the capacity of pasturage. This must take preponderance in mountainous districts for the securing of livestock fodder, not only for summer, but also for hay for the winter. But mountain cooperatives still make less expenditure for pasturage. In the last two years only 3 kg of fertilizer (physical) was allotted per hectare from 500-600 kg which were used on the average for field crops.

For a radical improvement of pasturage by agricultural cooperatives, but also by forest enterprises, it is necessary to devote a great deal more attention to this question. During the years 1976-1981, in 13 mountainous districts, the pasturage capacity increased on an average each year for about 11,000 head of sheep, while the 5-year plan requires that the radically improved capacity of pasturage attain a yearly increase of from 50 to 60,000 head of small livestock.

Proceeding quickly in this direction will require that the parallel measures which will be taken for the improvement of pasturage operate for the creation of a meadows policy in lands taken up by brushwood or vast forests, or which are difficult to convert into field lands. There is no lack of experience and financial support from the state now for these highly important investments for the development of livestock in mountainous zones.

c) Generally, mountainous zones have great perspectives for orchards. But in this branch of agricultural production it is necessary to run to more investments, especially in those economies which have an adequate labor force. For economies whose labor forces are limited (at mines, etc.), it is advisable to follow essential ways of deepening and intensifying services of existing blocks, without increasing them in breadth.

During recent years, in several districts, orchard culture has been more highly valued. In Diber, in Kolonje, in Skrapar, Pogradec and Permet, incomes from orchard culture in the two last years have been 1.5 to 2.2 times greater than in 1975.

Meanwhile, in many districts and economies, a greater effectiveness is required for investments which are made in orchard culture. In Kukes, Gramsh, Mirdite and in several other districts, from 1975 to 1982, the amount of orchard land has been increased threefold at a time when yield and income from this sector are still small. This experience is valuable particularly to agricultural enterprises.

d) Further improvement of economic levers in relations of the state with cooperatives today and especially for the future is another direction which

requires enlargement of production in the mountainous zones. The development of industry and the progressive intensification of agriculture in the plains zones create and will create still more financial possibilities in the hands of the state to make occasional reapportionments by means of economic levers of a part of the national revenue in favor of cooperatives in mountainous areas.

Meanwhile, it becomes necessary for the state organs of the economy, the bank, the plan and finance to better take in hand the problems relating to the precise and effective utilization of agricultural credits and state finances for land, livestock, orchard culture, and in other directions of application of basic investments. There is weakness here in studies and projections of execution and control which must be overcome as soon as possible, because in several cases the achievement of fixed objectives is impeded and not secured as much as necessary for the effectiveness of measures favored by the state.

Thus, with the peasantry's own work and with the manifold help of society, there will be better support for the intensive and extensive development of agricultural production in wide mountainous zones of our country; there will be progress toward narrowing the gap of the essential distinctions between village and city and among the various zones of the rural areas.

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## EFFECTIVENESS OF INVESTMENTS IN CHROME INDUSTRY

Tirana PROBLEME EKONOMIKE in Albanian No 1, Jan-Mar 83 p 78-84

[Article by Bujar Basha: "The Effectiveness of Investments in the Chrome Industry." The Problems of the Sixth Plenum of the Central Committee of the Albanian Workers Party]

[Text] Our subsoil is rich in valuable minerals, such as petroleum, chrome, copper, nickelferous ore, phosphorous, etc. These minerals are being successfully utilized by our new socialist industry, which transforms them into important financial revenues and hard currency for the development of our economy and culture. These minerals are used to broaden the work fronts, to raise the productivity of social work, to continuously increase the material and cultural well-being of city and village workers, and to strengthen the defenses of the fatherland at all levels. The party has drafted an imposing program to exploit this wealth for the construction of the material and technical bases of socialism.

The 8th AWP Congress set down important tasks for the development of our industry. In speaking of these matters, Comrade Enver Hoxha emphasized that in the 7th 5-Year Plan "our industry will progress even further and will develop on broader fronts. Almost 46 percent of all the investments made for this 5-year period will be utilized by this branch of our economy. The party policy for the development of our industry includes the consolidation of the many branched structures of our industry, giving as always top priority to our heavy industry; the further protection and improvement of the positive balance of our energy resources, giving special importance to the petroleum industry, and to further develop our mineral extracting and refining industries by exploiting and using new minerals;..."\*

Chrome is among the most valuable minerals in our socialist fatherland. It is principally found in the northern part of Albania, in such places as the Bulquize area in Dibre District, the Batre area in Mati District, the Kami area in Tropoje District and others. Based on geological research, which was developed on long-range programs, mining sites have expanded and extraction facilities have increased. Year after year the amount of extracted chrome has

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\* Enver Hoxha, Report to 8th AWP Congress, Tirane, 1981, p 14-15.

grown. Twenty times more chrome was produced in 1980 than in 1950. Our country ranks among the principal chrome producing nations, such as Turkey, Finland, Zimbabwe, Iran, and others.

The mineral chrome is widely used in many branches of industry: in the metallurgical and chemical industries and in the manufacture of fire-resistant bricks, etc. Chromic oxide is a necessary element used in the production of high quality steel, chromo-magnesite, brick, and in tanning.

In capitalist countries the production of the mineral chrome in the last few years had had the following dramatic changes:

In thousands of tons

- In 1978.....	6.254
- In 1979.....	6.430
- In 1980.....	6.289
- In 1981.....	5.980

(The above data was taken from the Mining Annual Review London, June 1981, chrome in April 1981, and from Mineral Industry Surveys, U.S. Department of the Interior, Bureau of Mines, Washington, 15).

As we can see 12 percent less mineral ore was extracted in 1980 than in 1979, and 5 percent in 1981 than in 1980. This change was brought about by the crisis that has encircled the metallurgical industry in the capitalist countries which has greatly decreased the volume of production. Nevertheless, we must admit that the amount of chrome mined every year is very large and says a great deal about its extensive use.

In our country we export refined and unrefined chrome in the form of chromium concentrates and ferrochrome. Under the existing conditions when chrome is one of the most important sources of revenue and hard currency for our socialist country, and constitutes a large portion of all the goods exported, the party has presented the state and economic organs with the task of implementing proper measures which will assure the most rational and profitable utilization of this wealth, as well as using effectively the basic investments for this branch of our economy.

The enforcement of these tasks is not just a random event or thought, but an absolute necessity which is dictated by a series of political and economic factors in our development and by the need to build the material and technical bases of socialism through relying completely on our own human, material, financial and monetary resources.

The qualitative indicators of our chrome resources are different, especially those with high contents of chrome oxide. In the northernmost mining sites, which include the Kam-Rragan area in Tropoje District, we find resources with a relatively low chrome oxide content (20 to 38 percent). These indicators improve in the mining sites of Batre in Mati District. Chrome found in the mining site of Thekres is known for its high chrome oxide content, (quite often, even when we have taken into account losses from processing and

transportation, the chrome oxide content is higher than 50 percent). However, chrome from the Thekre mining site cannot withstand mechanical poundings and crumbles more easily during processing and transportation than chrome from other sites. This characteristic limits its use, especially in the metallurgical industry. However, chrome found in the Bulqize area in Dibre District is rich in chrome oxide and has better handling characteristics.

Regardless of the qualitative differences in various mining sites, the problem remains to utilize these material resources rationally and completely; without leaving any ore in any mineral bearing strata, whether it is rich in chrome oxide or not. We must make every effort to derive as much monetary revenue from this mineral as possible for our national economy.

The monetary revenue from different kinds of chrome depends largely on the amount of chrome oxide in every ton of mineral. In 1982 the following prices prevailed:

Type of mineral	Price in dollars per ton	Price for one percent chromic oxide
42 percent of Chrome oxide content	52	1.23
38 percent of Chrome oxide content	40	1.05
29 percent of Chrome oxide content	18	0.62
21 percent of Chrome oxide content	15	0.71

Therefore, one percent of chrome oxide derived from chrome low in this element is assessed lower than the same percentage derived from chrome high in chrome oxide. Thus the AWP has directed to increase the enrichment of low grade minerals by using better technological solutions, multiplying and intensifying scientific and research work and applying it to technical and economic problems and to current tasks and those of the future.

Among the most important measures, which will help to solve these problems, are measures to improve the process of selecting, enriching and metallurgically refining the mineral chrome. The selection of this mineral is done through the construction of special structures that use simple techniques and human labor to separate the solid from the powdered mineral; discarding rocks, which are mined with the mineral, and separating the latter according to different chrome oxide contents. Such structures have been set up near some mining sites in our country. The results are good, considering the technology being used.

The mineral enriching plants, such as the plants in Bulqize and Kalimash, use more complicated techniques in their work processes, making extensive use of mechanical equipment, which produces chrome concentrates high in chrome oxide that are principally used in the chemical industry.

Ferrochrome is produced from metallurgical refining in the smelter in Burrel. The plant currently produces carbonic ferrochrome, but in the future it will produce pure forms of ferrochrome. These diverse methods increase the assortment of available chrome and better respond to the needs of the metallurgical and chemical industries and to the fire-resistant brick producing industry; the number of consumers increases and possibilities are created that will raise the value of the mineral chrome. Meanwhile, through selective, enriching and metallurgically refining methods mineral reserves are utilized more profitably. One percent chrome oxide from chrome concentrates with 28 to 30 percent chrome oxide content will ensure a twofold return of hard currency. Naturally the most economically viable methods must be a factor in selecting which methods are to be used, considering them closely related to the needs of foreign trade; to the progress and changes this trade experiences within the conditions of the general crisis in the capitalist world, and to the cyclical, unstable development of the capitalist and revisionist economies where prices rise and fall according to prevailing situations.

Geological studies to identify reserves of the mineral chrome and find practical ways to utilize them have been made on the basis of scientific programs drafted by the AWP. The almost forty years experience in our country shows that investments in geological research and in the chrome extracting and refining industries have been very effective. Chrome has been and remains an important source of increasing financial revenue with relatively low social outlays. Therefore, our nation has invested huge yearly sums for the development of this branch of our industry. Thus, in-depth geological research has taken place, the number of excavating mines has increased, factories for its refinement have been built, and a ferrochrome production plant has been set up, etc. As can be seen, this branch of our industry, which has grown and become continuously stronger, plays an every growing role in our socialist economy.

During the years of the 7th 5-Year Plan, geological studies and the whole of the chrome extracting and refining industry will progress even more to the benefit of our economy and culture. In 1985, around 29 percent more chrome will be extracted than in 1980. This task will be accomplished by better exploiting the existing industrial capabilities, as well as by opening new mines. At the same time, low grade mineral ore will be extracted and enriched. By 1985, 50 percent of extracted low grade mineral ore will be enriched.

For this purpose new projects will be built during the years of the 7th 5-Year Plan and important basic investments will be made towards this end. It is easy to understand now how important it is to find ways to build the projected works as economically as possible to increase the effectiveness of our investments. We must search and follow these same avenues when we build projects for the enrichment of low grade mineral ore. Important reserves exist to further improve economic indicators in industrial techniques for enriching this mineral, and to improve the construction methods for these projects. Strengthening cooperation between planners and technicians, and vice versa, is very important for exploiting and raising the effectiveness of investments in the sectors responsible for enriching minerals low in chrome oxide.

While keeping in mind the general and specific indicators of mining sites, technological and mineralogical studies have been completed; plans for new mineral enriching plants have been studied and drafted and the existing plants have been enlarged. Numerous cadres and specialists have participated in these projects and they have gained the kind of experience that will produce results and define ways to further improve our techniques and plans; the construction of projects for our chrome industry, and ways to increase the efficiency of our investments in this branch of our economy. Thus, the study and solution of our technical and economical problems in general, and that of the effectiveness of our investments in particular, should be made by a thorough discussion of investments for the chrome industry; criticizing, analyzing, and above all, defining ways to fully exploit existing production capabilities, while keeping in mind the links that exist in the production of the mineral, its refining and its final destination. We believe that in this area certain problems need special attention:

In the technical area, the chrome enriching plants should install 2 to 3 tiered sediment trays instead of the one that is in use now. As a result, the largest section of the factory would be considerably smaller. Using cylindrical centrifugal machines in this way should also be considered. It would be more profitable, and with better technical and economical indicators it would decrease construction surfaces.

When we speak of low grade mineral enriching techniques, we envision cutting losses in the existing factories, by lowering the percentage of Cr<sub>2</sub>O<sub>3</sub> in sterile materials; the refinement of existing steriles, the production of high concentrates (with over 55 percent CrO and with 3.1 percent SiO). Every step forward in this direction, compared to what has been achieved so far, plays a very important role in the effectiveness of investments made in the chrome industry.

In the planning and implementing areas, in the construction of chromium mines, of different land surfaced economic, social and cultural projects, in sorting plants, enriching factories etc., there is always room for savings in domestic and imported construction materials, so that costs can be lowered and construction problems can be solved without affecting techniques. Construction deadlines should be shortened on the basis of deep and complex studies etc. Comrade Enver Hoxha at the 9th AWP Congress said: "One of the important problems that remains is to further lower construction costs, because despite all the improvements that have taken place they are still too high. Here we see the need for planners, technicians, implementors as well as the producers of construction materials to cooperate closely with economists, to draft and implement suitable projects; use standard construction procedures and light materials, to produce a variety of construction materials with high resistance and quality and at the same time implement the advanced experience of our country and that of the rest of the world."<sup>1</sup>

The time has come not only to make deeper studies, but also to act immediately and create more profitable connections between the minerals under the ground and the structures on the surface, between the enriching factories and the smelting plants, with the goal of working and producing as in a complex, as

branches of a single trunk with common problems, linked to each other and serving one another.<sup>2</sup>

Within this framework, the complex investment studies, when they are completed, become suddenly very important for constructions, for the expansion of existing facilities as well as for the erection of new ones, and consider the work for opening and operating the mine and the complex of surface buildings on the mining sites, such as the smelting and enriching factories etc., as an indivisible part of the whole operation from the stage of discovering a site until it is put into operation.

The surface constructions on mining sites are usually built in mountainous areas and broken terrain. Twenty to thirty percent of all planned investments are used for the excavation of each object. One can imagine how much can be saved, even from these funds, by conceptualizing and designing projects linked to each other and serving one another; with joined centralized centers. Thus, for example, investments for the construction of the enriching factories are defined, planned and more efficiently used when they are planned and designed linked to the investments for workshops, warehouses, offices, laboratories, heating plants, electric lines, water systems, roads etc. In this manner, investment costs for these objects will be lowered on the construction site and outside it.

Until recently, surface construction on mine sites were designed to use very few prefabricated materials. However, recent studies have planned to have prefabricated materials used in 90 to 100 percent of the surface buildings on the mine site. This will increase the pace of construction for these buildings and it will shorten construction deadlines.

Because there has been no defined correct construction criteria for the sites, there have been occasions when construction costs, outside the mining sites, have been very high compared to the total expenditures planned for the construction and operation of the projects. Therefore, the solution to building factory units according to technical needs or to the needs of building social and cultural objects, dwelling etc., for the present and for the future, as well as drafting rational and statistical plans, defining the minimum surface areas needed, with widespread use of prefabricated and light weight construction materials; increased mechanization in construction, and the drafting of detailed organizational plans for building and assembling projects etc., must be examined and discussed with all their variables, by adapting them better to the correct criteria to the conditions of the enterprise, the climate, the configuration of the terrain; geological conditions, hydrological and seismic conditions, and the need and ability to furnish them with energy, water, steam and roads etc.

Experience shows that it is possible to save about 10 percent of the planned funds for every new and reconstructed building as compared to the funds for factories already built. The construction and operational deadlines can also be shortened by six months, thus exploiting an important reserve for raising the effectiveness of our investments in this important field of our economy.



#### FOOTNOTES

1. Enver Hoxha, Report to the 8th AWP Congress, pp 44-45.
2. Constructions for the mineral industry can be classified thus:
  - A. Underground construction, such as galleries, wells etc., which are used in extracting the mineral,
  - B. Surface constructions, which are a complex of different buildings with industrial production characteristics, support, cultural and housing facilities,
  - C. Enrichment and smelting factories and their sub-stations, support, technical and service stations.

These constructions, and their objects within the construction compound, as well as those outside of it are similar; they have the same functions and very often are within the same area.

6160

CSO: 2100/29

PITRA CLAIMS AGRICULTURAL CONTRIBUTION CAN BE INCREASED

Prague HOSPODARSKE NOVINY in Czech 20 Jan 84 p 1, 7

[Article by Frantisek Pitra, CPCZ Central Committee Secretary]

[Text] The new domestic and especially foreign conditions, the complex international situation, the categorical necessity of achieving foreign economic balance under conditions of sharp discrimination which the capitalist world practices against us, the growing need of society and the ensuring of the standard of living of the people--all this demands an acceleration in the process of raising the self-sufficiency in foodstuffs.

The basic prerequisite for this is a full exploitation of all resources which are at the disposal of agriculture and their most purposeful utilization, so that every machine, piece of equipment, every kilogram of fodder and fertilizers and every unit of energy input brings the maximum effect. From virtually every are of soil it is necessary to achieve maximum plant and animal production with minimal inputs. To attain these goals, an unceasing improvement in the quality of agricultural management on all its levels is necessary, as well as of management of the whole complex of sectors taking part in providing food for the people. This precisely was the aim of the measures for improvement of the system of planned management of agriculture adopted at the Fourth Plenum of the CPCZ.

The Positive Influence of the Improved System

Two years is a short time in which to render a comprehensive judgment of the system, primarily because agricultural results are significantly more affected by climatic influences than those of other sectors. Nevertheless, it is possible to reach some basic conclusions.

For this it is useful to recall the conditions under which the Central Committee of the CPCZ adopted these measures, and the intended goals.

The political and economic situation at the beginning of the Seventh 5-Year Plan demanded an increased effort for maximum balance in external economic relationships with non-socialist countries. Agriculture did not fulfill the planned grain production right in the first year of the 5-year plan by 1.7 million tons. The shortage of feed for the originally planned animal

production could not be solved by import. A substantial reduction was necessary especially in fuel consumption. In this situation the Central Committee of the CPCZ at its fourth plenum emphasized the need for an accelerated tempo in the gradual attainment of self-sufficiency in foodstuffs. At the same time it indicated the ways toward a solution of this task. This is primarily by accelerating the dynamics of plant production expansion and attaining faster growth for it than that of animal production, while at the same time adjusting the level of animal production and its structures to the possibilities of the actual feed base. These designs must be accomplished during a decreasing production demand for materials and funds through the mobilization of internal possibilities in agriculture and an increasing application of scientific-technical progress. It is necessary to integrate the workers into this effort to the highest degree and to utilize creatively their experiences and labor activity. Other sectors of the national economy must also contribute to the accomplishment of new demanding tasks in agriculture, i.e., those which through their deliveries of means of production and their standards influence the intensity and effectiveness of agricultural production more and more.

To make use of these ways and to accomplish the planned designs, measures were adopted in the System of Planned Management of Agriculture during negotiations at the 13th Plenum of the CPCZ Central Committee in accordance with the resolutions of the 16th CPCZ Congress. Their effectiveness, therefore, has to be judged from the point of view of how successful we are in implementing these designs for agricultural development and food production.

Let us mention, therefore, several basic facts which characterize the attained results in the previous 3 years of the Seventh 5-Year Plan.

To begin with, it has to be stated that the plan for gross agricultural production for 1981-1983 is being fulfilled by 102 percent, and the plan for market agriculture production by 102.6 percent. In comparison with the achieved average in the Sixth 5-Year Plan, the increase in gross agricultural production for the first 3-year average of the Seventh 5-Year Plan amounts to 5.6 percent.

This increase was achieved primarily due to plant production. Its average increase for the years 1981-1983, in comparison with the average of the Sixth 5-Year Plan, amounts to 7.3 percent as against roughly a 4.4 percent increase in gross animal production.

There is a gradual improvement in the level of the utilization process, especially due to better use of feeds and energy. For instance, annual milk yield increased in 1981-1983 by 8.6 percent as compared to the average of the Seventh 5-Year Plan, while kernel consumption for 1 liter of milk fell by more than 17 percent. The reduction in kernel consumption for 1 kg increase of slaughter beef is even more pronounced. Oil consumption was reduced and even a relative saving in other material costs took place.

The advance in growth in plant production vs. animal production, with a simultaneous more efficient utilization of feeds, contributed to a lowering of

demands for feed imports from abroad, especially feed grains. Thus a general improvement in the relationship between the agriculture-foodstuffs complex and foreign trade has taken place. The average annual grain import in the years of the Seventh 5-Year Plan is roughly one-half in comparison to the previous 5-year plan. The average annual negative foreign trade balance of the agriculture-food complex has fallen in relation to non-socialist countries by more than 1 billion korunas for this period.

A generally positive development in production growth and the utilization process has a favorable influence on cost development and thus on production profitability and profit creation. In comparison with the average of the Sixth 5-Year Plan, the profitability of production, as measured by balance profit in relation to total costs of agricultural organizations, increased during the 3 years of the Seventh 5-Year Plan on the average from 6.84 percent to 8.95 percent in the years of the system's operation (1982-1983), and the average annual profit creation increased by almost 37 percent (from 6.5 billion korunas to almost 8.9 billion korunas).

When judged by these global facts, it is possible to evaluate the attained results in the Seventh 5-Year Plan on the whole positively. There is no doubt that measures in the system of planned management contributed to it, also.

#### Not Only Global Results

However, it would not be right to be satisfied with these global facts only, and especially not with the pace at which the mobilization of internal resources and possibilities of further agricultural development is progressing.

While the plan for gross agricultural production is generally exceeded, the plans for its structural development are not being fulfilled by far. Thus, for instance, with the growth of gross plant production being faster than that of animal production, the time plan of the Seventh 5-Year Plan in plant production is being fulfilled by only 98.5 percent, while the gross animal production plan attains 103.7 percent. The imbalance between the fulfillment of plant and animal production plans has an immediate influence on the fulfillment of one of the basic tasks of the Seventh 5-Year Plan, i.e., the reduction of the negative balance of the agriculture-foodstuffs complex in relation to foreign trade, and also on the creation of conditions for the stable development of agricultural production with no claims for its assurance with the help of foreign imports. In spite of the positive development, the results in this area do not correspond to the planned designs, either.

In spite of some partial achievements, the real possibilities for individual enterprises to attain better results in the utilization of fertilizer, feeds and other material means are not fully exploited by far. Differences not only among individual enterprises but also within the enterprises attest to this. This proves that existing reserves are not being put in motion at the desirable and possible speed. The low level of plant stability still continues and with it that of the whole agricultural production. The tuning of the soil management system to the ecological conditions of the soil in individual areas and enterprises is progressing unsatisfactorily. The generally unfavorable

condition of the soil environment is slowly improving. Also, care for the exploitation of each are of soil during the whole growing season does not correspond to the need for intensification. The causes of low stability and its disruption vary. As the examples of leading enterprises prove, a complex of a biological, technical, economic and social character must become the starting point toward the attainment of higher production stability. The most important ones are the qualified cadres and the engaged working collective, willing and able to find these measures and especially then to implement them thoroughly.

Nor does the level of areal application of scientific-technical knowledge in agricultural enterprises measure up to the acceleration needs of the process and increased self-sufficiency. The biological and technical service enterprises and supplying enterprises do not perform the required role as far as the quality and complexity of supplies of some production needs are concerned, either.

Shortages on individual levels of agricultural management still linger, even in the fluent and harmonious functions of all links in the national economic complex of sectors ensuring food for people. Party and state organs are creating prerequisites for some long-term disproportions, which were not successfully solved during the execution of the 5-year plan, to be solved gradually in individual annual plans. For instance, in the last 3 years investment volume in the agriculture-foodstuff complex reached almost 70 billion korunas, i.e., 9.1 billion more than presupposed by plan. More than half of these investments are investments in soil, silo equipment, dunghills, water basins, pasture areas, etc. These are all significant measures which contribute toward an increase in production intensity and reduction of losses. This socially desirable orientation of investments has to be continued and their own essential resources have to be created for them.

In connection with ensuring the conclusions of the Ninth Plenum of the CPCZ Central Committee, we expect agricultural enterprises and all managing links to increase their efforts successfully to fulfill the tasks of the Seventh 5-Year Plan in all its indicators.

An even more consistent and more active application of the principles of the system of planned management, approved at the Fourth Plenum of the CPCZ Central Committee by all management levels, must contribute to it. What are these tasks primarily?

#### Dominant Position of Scientific-Technical Development

The evaluation carried out indicates that there has been a successful gradual intensification in balancing the agricultural and food industries with the other sectors of the national economy. In mutual cooperation between the agriculture and food supply ministries with supplying ministries, some problems in the supply of technology, chemical and other means to the agriculture and food industries are gradually being solved. Nevertheless, a fundamental change in this area has not been achieved for the time being. That is why it is also necessary further to work out some not fully solved methodological questions in

the planning of the agricultural-industrial complex. All considerations must be directed toward making scientific-technical progress and its greater utilization the principal planning axis here as well. For agriculture, which in its development is more and more dependent on deliveries of modern means of production, it is extraordinarily important to have a planned development of those sectors where scientific-technical progress materializes in a decisive measure. It is not only a question of the quantitative volume of delivered means, but primarily their efficiency and how they reflect the world's scientific-technical progress, how they contribute to the growth of intensity and the effectiveness of food supply production.

In the supply sector it is necessary to create in advance prerequisites for the further development of agriculture, starting with research, through development, all the way to the needed operational capacities which make the realization of findings of both our own and the world's research possible in an even greater measure. Indeed, a certain lag in the labor productivity of our agriculture behind that of developed countries is caused, among other things, by an imbalance in the internal development of those components of the agricultural-industrial complex which predetermine the level of labor productivity and intensity in agricultural primary production. This in no way reduces the responsibility of agriculture for the efficient utilization of all production means available to it. It appears necessary, therefore, for the Comprehensive Plan of the Agricultural-Industrial Complex to be understood the way it was formulated in the conclusions of the Fourth Plenum of the Central Committee, as an instrument for securing the consistent comprehensive involvement of scientific-technical advancement into the production of foodstuffs. Therefore, the dominant position in its formation must go to the expected contributions of scientific-technical progress, achieved through the introduction of new technology into production as per state and ministerial plans for scientific technical development, acquired via cooperation within the framework of CEMA and the acquisition of the latest world knowledge.

#### More Active Role to Direct Relations

One of the possibilities for a more efficient utilization of labor and of means within the framework of ministries which form the agricultural-foodstuff complex, the one which we still do not know how to exploit sufficiently, is their better planned and more purposeful insertion into the individual phases of the reproduction process of food production in such a way that, with the need for them minimized, the greatest effect from their application is achieved.

This presupposes the overcoming in planning and decisionmaking of the present narrow branch approaches and their subjugation to the needs of maximum tuning of all production phases, starting with the production of a raw material until its final utilization, while consistently respecting effectiveness criteria. In this effort it is necessary to integrate more than ever also those immediately involved, i.e., the agricultural and food supply enterprises.

The participants in the Fourth Plenum of the Central Committee had this on their minds when in their conclusions they tasked the improvement of planning

of the agricultural-foodstuffs complex and at the same time the deepening and linking of interests and responsibilities of agricultural and processing enterprises for the production of the needed quantity of raw materials in the required assortment and quality and for its most advantageous and most effective utilization.

Up to now, however, the responsible planning and managing organs have succeeded in the implementation of these requirements only to a limited degree. That is why even now quantitative, space and time imbalances of individual phases of the reproduction process occur, and these have a negative impact on the investment and material demands of production, on transportation costs, losses, etc. We have not yet succeeded in making room for more active participation and the common interest of enterprises in the solution of these problems.

This has its reasons. They lie not only in surviving stereotypes in management work of many leading workers but also in the fact that the system does not yet function as a complex. To overcome this, a thorough implementation of the system's intentions is needed in the area of seller-buyer relationships. The role of the buyer has to be raised to a qualitatively higher level in securing the needs of the whole society. Equally, the sellers must substantially increase their responsibility for ensuring the people's food supply. In this whole area a far more active role must be played by direct economic relation between buyer and seller, and especially by economic contracts.

In the intensification of mutual relations between raw material producers and processors, the matter is not the subordination of one sector to another, as we witness for instance in the capitalist economy. There the mature foodstuffs industry has subordinated and is exploiting small agricultural producers.

Cooperation between our agricultural and processing enterprises has to be developed on the basis of equal and truly comrade-like relationships. The grocery industry with its direct and immediate relation to the market must at the same time perform the function of initiator and director. This certainly is not an easy and simple task, primarily because this directing function cannot rest on any administrative methods and "authorization" which would make administrative pressure on agricultural organizations possible.

Therefore, besides conditions and suitable tools that have to be created for the foodstuffs industry to fulfill these functions, the political sensitivity with which they push their directive influence will be very much up to the management of individual sectors and their enterprises.

On the other hand, the mentioned system expects, and this is also its purpose, that the interests of agricultural enterprises and thus also their activity will be substantially more adjusted to the buyer's needs than they have been up to now. In other words, they will demand more from the producer of a raw material. Both agricultural enterprises and individual management links must realize this.

It is therefore necessary to give political support to the efforts of individual sectors and to look for new, more efficient forms of cooperation with agricultural enterprises to intensify the present system of supply-demand agreements, clarifying mutual relations and commitments in ensuring the pertinent raw material, including the increased demands on both partners.

At the same time we must expect that not every justified demand, be it about quantity, assortment, quality or term delivery, which individual sectors of processing industry will raise will meet with full understanding by agricultural enterprises. In such cases we must be able to judge whether the demand is in harmony with the interests and needs of the whole society. If so, we must give it its due support, political as well as economic.

#### Larger Khozraschet Area

As I have already mentioned, measures adopted at the Fourth Plenum of the CPCZ Central Committee count on the transfer of a substantial measure of responsibility for achieving the desired integration between the production of a raw material and its processing from government management links to the khozraschet area. This is connected also with the decision to limit substantially the number of obligatory tasks in production and deliveries assigned to agricultural enterprises. If there is to be no weakening in planning for securing production of agricultural raw materials, if on the contrary, the created space is to be used for achieving a higher degree of planning, then this presupposes an increase in economic responsibility and involvement of agricultural enterprises in satisfying the needs of the processing industry.

This can be done by strengthening and firming the khozraschet position of agricultural enterprises and its more efficient use for directing their interest toward the most effective utilization of their production possibilities for the satisfaction of society's needs.

In the effort to intensify khozraschet position, it is not solely a question of strengthening the resource positions and the ability to finance one's needs from one's own resources.

It is necessary to achieve a point where the enterprise will create these positions through its own activity and not through additional means from the national budget. In practice this means the increasing restriction of the various forms of grants and subsidies which weaken the dependency on their own resources to satisfy the enterprises' needs. At the same time, however, through the system of economic tools, especially prices and instruments, it is necessary to utilize this dependency of enterprises for adjusting their interest toward the production of goods in which society is interested not only in volume but also in quality and time. Therefore, a consistent improvement in the system of economic tools and its adjustment to these needs is also necessary.

The intensification of the khozraschet position of enterprises and its active use in directing their behavior and in the development of enterprise activity



presupposes, of course, the creation of sufficient area so that their different economic results can more clearly manifest themselves also in satisfying their needs and the needs of their work collectives. This means not to allow the more pronounced effect of individual enterprise management to be offset by a system of different redividing tools. In the final analysis, the better and worse managed enterprises cannot fare equally well. If, in the development of the khozraschet position of enterprises, we are to expect a greater differentiation in their financial resources, we must at the same time create conditions which permit their application. The introduction of a category of special agricultural investments and their differentiated utilization by enterprises depending on their income situation indicates one of the possible ways to solve this complicated problem. The managing links and, also, the enterprises themselves must seek further possibilities for the expedient utilization of means created by them.

For instance, one further possibility is offered in the development of the cooperative and integrating relations in which economically more mature enterprises possessing enough financial resources of their own, under mutually advantageous conditions, take part in production development either directly in other enterprises or in the equipment construction serving more enterprises. In this respect, neither the possibilities of direct construction nor participation in the construction of those with a smaller processing capacity should be excluded.

Here new and, no doubt, complicated questions are involved, which effort and endeavor for the development of enterprise activity and its utilization for the good of society bring up. Much greater attention must be paid to their solution.

#### Condition of Activity and Initiative

Up to now the weakest spot in the implementation of adopted measures in the system of planned management is their working out on the enterprise level and their inclusion in enterprise subdivisions, for individual work units and workers.

Leading workers in many enterprises still fail to realize sufficiently that making room for their decisionmaking, provisions in economic instruments, stimulating the quantity and quality of good produced, savings in material means, and utilization of machinery and equipment can bring genuine results only if in the evaluation of enterprise's possibilities and in seeking ways for their utilization broad work collectives are included and motivated. They do not realize that this is the very substance of the art of managing an enterprise and its working collective. It is due to this that in many enterprises plan formation is still an affair only of a narrow circle of leading workers. A change in economic instruments to them is only a question of a more or less favorable impact on enterprise management. In such enterprises even the development of labor activity and initiative is a matter of formally declared socialist commitments. Here, in a majority of cases, also lie the reasons why under equal management conditions we meet with such different results among the enterprises; why some of them can pick their labor

force and others have a shortage; why in some enterprises there is a broadly developed rationalization and improvement movement, and scientific technical progress asserts itself, while others have problems with work discipline and compliance with the basic agronomical and zootechnical rudiments.

All previous efforts to overcome unjustified differences in management, to exploit more effectively their real possibilities, are failing in many enterprises for the very reason that ability, and frequently also effort, desire and courage to transform the principles of the management system according to conditions of the enterprise and its internal subdivisions, are lacking. The higher management echelons have their own part in this, also. They frequently try to interfere in a great variety of enterprise activities. They evaluate the enterprise and its management by the greatest variety of criteria, but the main thing is frequently left aside. Only rarely do they examine the internal organization and management of the enterprise, how the khozraschet principles are developed and applied in it, what conditions are created by the system of internal planning and management for increasing labor initiative and activity. Rarely are they interested in whether the given system has created prerequisites and guarantees the participation of individual work collectives and the individual workers in the distribution of production results according to their share in these results.

At the same time it is evident, and examples of leading agricultural enterprises have been attesting to this for a number of years more than satisfactorily, that under present conditions we will be able to fulfill successfully even more demanding tasks only with this joint effort of all members of the work collective and the utilization of their creative and work activity.

All these are ways in which to use, especially on the enterprise level, more efficiently the principles of the improved system of planned management in the interest of the successful fulfillment of demanding tasks which for agriculture evolve from the line of strategy determined at the 16th Congress of the CPCZ.

12392

CSO: 2400/186

LABOR FLEXIBILITY, RELOCATION DISCUSSED

Bratislava NOVE SLOVO in Slovak 1 Dec 83 p 5

[Article by Eng Ivan Klacansky: "Which Workers Should Be Relocated, How and Where? Structural Changes and Flexible Labor Force"]

[Text] How rapidly we succeed in relocating the labor force from the lagging industries to production sectors and types of production with a high labor productivity, with products which are sought after on the world markets, will be tremendously important for our further economic development. Transfers of labor force from one sector to another, the disappearance of some and emergence of other job opportunities always give rise to the question of whether the workers possess the necessary qualities for successful re-employment in other types of production, in other jobs. If they do, are they willing to switch precisely to those types of production and production sectors which the society needs?

According to statistics, there are 738,000 work opportunities open in our country. The number of work opportunities in the engineering and electrical engineering industries in the CSSR increased by 100,000 in the 1970's. This offers immense possibilities for the employment of tens of thousands of workers released from other sectors.

Already this brief outline makes evident the number of workers who should be enrolled in retraining programs, if the structural transformations are to be carried out at the necessary pace.

Everybody knows that a certain inertia exists in our school and educational system. The results of its activity--production of graduates according to the length of the study--are given 4-6 years in advance. However, fixed production assets and presently used technologies also have a certain inertia. The distribution of qualification by sectors and branches is characterized at the present time by the fact that the higher levels of qualification (college, high school) are more represented in one sector than in the other, in the nonproduction sphere more than in the production sphere.

We must change these disharmonious conditions. It is not possible to promote the rapid development of engineering and electrical engineering without transferring a qualified labor force to these sectors. We will need many experts in the near future in prospective areas such as microelectronics, information systems, consumer electronics.

According to the long-term concept of the development of engineering and electrical engineering up to the year 2000, it is assumed that the proposed changes in the production structure will require a 37-38 percent increase in the number of research and development workers. Under otherwise unchanged conditions, the share of workers in the research-development basis of engineering and electrical engineering in the total number of workers should increase by approximately one-third.

A start should be made right away in raising the qualification standard of workers who are taken into consideration for these production sectors and productions. With financial support from the funds of enterprises, VHI's [economic production units], ministries and national committees, the retraining programs should be activated today, although we do not know precisely where the restrained workers will work. Possible cases of nonuse of the new qualification will not represent as big a loss as the acute shortage of qualified workers for the two above-mentioned most promising production sectors.

Technologies and industrial sectors with promising prospects should have a sufficient "reserve" of qualified workers (possibly somewhat larger than actually needed because this provides for a potential qualitative choice).

#### Conditions for Mobility

The retraining of workers in advance of actual needs would create the basic conditions for the necessary professional and geographical mobility of the labor force. The professional and geographical mobility of the labor force is precisely today one of the principal means for reducing the discrepancy between the replacement of labor and capital assets, for overcoming the labor shortage not only in the progressive production sectors, but also in specific areas of our country.

Who should participate in these courses and retraining programs?

In the first place, the workers in production designed to be closed down or in phasing-out production programs. In addition, the housewives, miners who worked underground a certain number of years, high school graduates who in their studies did not acquire any professional qualification, as well as soldiers who completed their basic military training without acquiring any special skill. It can be expected that technical-economic workers will also be among the persons interested in such retraining (the Uniform Job Classification of the Federal Office of Statistics regards

as technical-economic workers those who are engaged in mental, creative or routine activity in the area of science and technology, management and administration, professional services in health care, education, culture and other sectors of nonproduction sphere).

In our situation especially it is important to implement the retraining programs as soon as possible and to give clear prospects to those who decide in favor of changing their qualification, because there is a large number of open work opportunities in industry. Otherwise, there is real danger that the workers released from their present jobs will not go to work in progressive production and production sectors. We have seen such examples resulting from the reduction of managerial and administrative personnel in our country and also from the structural transformations, for example, in Hungary, where an undesirable phenomenon was registered in this context: the workers released from unprofitable production and operations somehow "dwindled away" and did not go to work in the sectors preferred by the state.

The potential reserve of labor productivity created by the so-called structural effect is estimated minimally at 40-50 percent of social labor productivity.

#### The Importance of Additional Proficiency

Many state and private institutions in the industrially developed countries specialize in promoting adult education. All of them are subsidized by the state, depending upon their fulfillment of adult education plans, their meeting enterprise needs and so on.

For more than 10 years there has existed the possibility of post-high school study at the vocational high schools, in the educational establishments of central agencies, sectoral directorates and enterprises. The well-rounded training of blue-collar workers for acquiring a second professional skill, however, has been on the whole an exception.

We can no longer rely upon the natural interest of those blue-collar workers who by pursuing their hobbies acquire qualification for another job. There are few of them. The essence of qualitative changes in the economy which necessitate structural transformations are the changes in the demand on the world markets. After saturation of the domestic market with basic representatives of certain goods this process continues also within individual states. Although the intensity and concrete content of these changes will vary depending upon external conditions, it is quite certain that they will not bypass us. We have ample experience with the recruitment of workers. However, there are some substantial differences between the recruitment campaigns as we knew them in the past and relocation of the labor force to prospective production.

The process of structural transformations in Czechoslovak industry is at the present time affected by the requirement that it should be reflected in our foreign trade balance as soon as possible. These transformations necessarily call for a qualified labor force with a specialization in engineering and electrical engineering. If a worker is to acquire such skill, however, he must be trained a long time for this purpose.

The plenary meeting of the CPCZ Central Committee in July 1973 approved a document entitled "The Development, Present State and Future Tasks of Czechoslovak Schools." According to this document, our schools should educate, with the necessary lead time ahead of the actual needs, workers for our economy who by their qualification will represent a guarantee of scientific and technological progress. Practical experiences demonstrate, however, that our school system has so far failed to meet this demand in the necessary scope and quality.

A substantial difference from recruitment is also the fact that at a time when one-third of workers in the national economy participate in some form of preferences, it is not simple to achieve a situation in which workers choose precisely progressive production and goal-oriented programs, sectors with high labor productivity and reasonable competitiveness of our products in foreign trade.

#### Preference and Order of Importance

Changes in the relative level of financial benefits derived from change in occupation combined with a change in residence must be not only numerically but also by their real value more pronounced than was the case 20 years ago. Changes in wage levels must reflect the order of importance. This calls not only for the numerical restriction of preferences presently rendered, but also for their regulation in other respects.

In contrast to the past, when we recruited workers for the borderland, mines and so on, we seem to be ashamed at the present time to stress the objective necessity of structural transformations. However, the turn of our economy to intensive development has already begun. This process presumes as a matter of course the use of the structural effect in close combination with better management of the available labor force.

It is to be expected, however, that gradually, under the influence of a changed attitude of work collectives toward labor productivity, due to the possibility of performing work with a smaller number of workers, internal labor force reserves will be released.

It is becoming evident that responsibility for retraining workers released as a result of rationalization measures cannot be left to the hiring organization alone. The basic prerequisite is that the production unit hiring the released workers must possess the technical conditions for the practical retraining of the workers involved. The pedagogical educational process can be carried out in cooperation with the colleges and vocational

high schools. Today, however, we face a situation in which we have the technical facilities, personnel and material conditions for the retraining of workers, but there is as yet nobody to be retrained...

Interest in proper qualification is not, generally speaking, adequately channeled (and motivated) in the direction which the intensification of our national economy requires. This is doubly true of the acquisition of the qualifications necessary for the transformation of engineering and electrical engineering production.

The macroeconomic contexts are obvious here. The process of training qualified workers for new progressive production sectors is possible only with the participation of workers presently employed in other production sectors, in other types of production.

10501

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GERMAN DEMOCRATIC REPUBLIC

CONSUMERS DISCOURAGED BY LACK OF PROGRESS IN ECONOMY

Frankfurt FRANKFURTER ALLGEMEINE in German 2 Feb 84 p 5

[Unsigned article: "The Mood is Worse Than the Situation; Research Institutes See Successes in GDR Economic Policy; 'Computer Density' Still Low"]

[Text] The underlying mood in the GDR is worse at present than the economic situation. The two Berlin research institutes which constantly monitor economic development--the German Institute for Economic Research (DIW) and the research establishment for East and West German economic and social questions--have shown in recent days that the economic situation has consolidated, although to the detriment of private consumption, and that the GDR is "probably over the hump" regarding foreign trade and balance of payments.

Even party functionaries do not seriously deny in conversation that the mood among the population has been dejected during these months. Reasons are given: Among them are the deployment of new Soviet missiles in the GDR, the evidently growing pressure on the work of the peace groups, and the hopelessness of those who want to leave the GDR. The authorized emigration of 18 GDR inhabitants, which came about under hardly repeatable circumstances, has rather worsened the mood, although the GDR let it be known in recent days that it is not interested in increasing tensions.

The supply situation is no worse, but also no better, than in past months. It continues to be better in large cities than in the countryside. In the Berlin sector of Marzahn, SED secretary general Honecker will soon visit the 2 millionth apartment built since the VIII. Party congress in 1971, when he became SED secretary general. A similar new building complex is to be built in the North of Berlin in the coming years. Apart from construction of apartment buildings, which is the principal item of GDR social policy, no progress has been made in the areas of working hours, vacation time, or increase of retirement pay for years. Recently, Honecker indicated to the French magazine REVOLUTION that technical and scientific progress "will make it possible in the long term to reduce working hours without cutbacks in wages." As a rule, the work week in the GDR is 43 1/2 hours. Although experts are agreed that the GDR mastered the difficult year of 1983 better than anticipated, and that the rigorous enforcement of economizing with materials has borne fruit, the GDR has difficulty in keeping up with the rapid



pace which Western industrialized countries have developed in the field of modern technology--excepting a few industries such as Zeiss, Jena. "Computer density" is low.

The DIW research institute holds fast to its theory--which is disputed by some--that the relative successes of GDR economic policy can be explained, also, by the introduction of "new mechanisms," for example the deliberate cost increase of human labor as of January 1, 1984; but apparently it takes a long time until these new regulations "catch on" in the combines. But the DIW writes that despite partial successes, a fundamental change in the waste of human labor inherent in the system is unlikely. To counteract rumors in the West, it is stated that the GDR "is not facing a phase of open unemployment;" yet not even party functionaries deny that there is hidden unemployment. The research institutes are of the opinion that, although there had been no abrupt supply shortages, there had been a general stagnation in supplies. They report unanimously that, this year, it had been easier than previously to draw useful conclusions from statistical data as to the true state of foreign trade. The results indicate that restrictive GDR import policies have found their limitation in goods necessary for production, and that in 1984, also, a surplus could be obtained. Daniel Amstutz, undersecretary in the U. S. Department of Agriculture, who had talked in East Berlin with the GDR government on agricultural trade questions, has now confirmed that internationally, GDR credit standing had hardly suffered, even in consequence of the Poland crisis. But according to experts, the GDR seems to have difficulty at the moment in gaining access to the Euro-market.

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AGRARIAN PRICE REFORM TERMED DEMANDING BUT REALISTIC

East Berlin NEUE DEUTSCHE BAUERNZEITUNG in German No 4, 27 Jan 84 p 11

/Article signed by Author Collective, College for LPGs, Meissen: "Advantages Realized Through Intelligent Management"

/Text/ The agrarian price reform, decided by the Tenth SED Congress and in effect since the beginning of this year, assists the accomplishment of our tasks for the reliable supply of the public with high-quality foods and of industry with raw materials.

The agrarian price reform is designed in particular

- To comprehensively stimulate the rise in hectare yields and output per animal;
- Decisively to encourage all-round fund conserving intensification and thereby even more efficiently use all natural and economic production factors;
- To create better conditions for the reproduction of cooperative property;
- More correctly to describe the value of farm performance by comparison with other branches of material production.

These aims were largely featured in the discussions on the 1984 economic plan in the cooperatives. It was therefore possible to note at the Seventh SED CC Plenum that "the majority of available enterprise plans for 1984 drawn up on two price bases demonstrates that cooperative farmers and workers understand the intent of the agrarian price reform."

Profitability as the Result of Performance

Based on the five-year plan targets, the new agrarian prices provide challenging but realistic criteria for performance, cost and result. All LPG's meeting the assigned quota will be able to profitably manage and favorably organize the main indices of performance appraisal--own product, net product, cost ratio and profit. LPG's failing to meet the output targets set will more decidedly measure their backwardness by the economic result.

At the same time it is a reflection of the continuing implementation of the SED's unity of economic and social policy that the new agrarian prices do not affect existing consumer prices payable by the public.

For each cooperation, LPG, brigade and cooperative farmer the new prices mean that it will be more rewarding and, at the same time, more compelling to produce more with existing or even smaller funds and to manage more efficiently. If performances are good and stable, the new producer prices will improve profitability with respect to products of crop and animal production.

On the other hand, profitability is not guaranteed; indeed it is entirely the result of performance. It assumes that the LPG's produce at normal costs, and that their performances correspond to the standards on which the agrarian prices are based. For example, a cost ratio of 90 in dairy production is manageable only if the milk output achieves 3,265 kg per cow and year, the average utilization period of the cows is 3-4 years, and the usable slaughter end mass per cow amounts to 388 kg.

If performance is better, costs are reduced and earnings as well as profits increase decisively. If, for instance, the milk output per cow rises to 3,400 kg per year, profit improves by M175 per cow. If, at the same time, the cow's useful life can be extended to 5 years and the usable slaughter end mass rises, the profit per cow increases by as much as M499.

#### Funds To Be Used More Rationally

At the same time the new producer prices stimulate a better product quality. In milk production, for example, the price differential between quality categories Q and III used to amount to M11 per dt /deciton/ milk; this has now been raised to M17 per dt.

Reflecting the actual economic cost, the new industrial prices for agricultural means of production effectively reinforce the need more conservatively to handle available funds. The higher prices to be paid by the LPG for machines, fertilizer, fuel, energy, building materials and other materials require all these funds to be rationally and efficiently used in accordance with the latest scientific knowledge and to avoid losses. For example: The consumption of 1 kg nitrogen (pure nutritive material) per hectare in excess of the set norm used to involve M60,300 in additional costs for an area of 5,000 hectares LN /agricultural area/. Applying the new prices of means of production would cause M100,000 additional costs to be incurred. That is why the work with norms for materials and energy consumption assumes greater economic importance.

The further development (accompanying the agrarian price reform) of the LPG's economic tax payment to the state and the site-related subsidies to LPG's with unfavorable natural site conditions orients to the full utilization of the land's yield capacity and the performance potential of the livestock. Limited at the same time are the effects of the differentiated yield capacity of the land on the result of the cooperative.

It is the intent that the tax be efficiently used for all production conditions and for the LPG's to make a growing contribution to the financing of the state's total societal tasks.

In general the new economic conditions arising from the agrarian price reform provide better conditions for the expanded reproduction of cooperative property and the further improvement of the personal incomes of each cooperative farmer.

The benefits of the agrarian price reform will be effective only if each LPG is intelligently managed, and each cooperative farmer commits himself and his creativity fully to the accomplishment of the tasks assigned.

#### Assign Tasks to Each Collective

Consequently the cooperative farmers of the Marxwalde Cooperation are devoting particular attention in their joint competition program to the comprehensive enforcement of socialist management and the principles of economic accounting, down to sections and brigades. It is imperative to have this concern permeate all cooperatives. An indispensable prerequisite is represented by stable work collectives who have been allocated funds and production tasks. They will ensure that the results achieved are concretely measured, compared and reserves developed as a consequence. That is why the greater challenges accompanying the agrarian price reform call for the further deepening of cooperative democracy and the resolute conduct of the socialist competition in each brigade.

#### Producer Prices for Milk in Accordance with Quality Categories (marks per deciton)

Quality Category	Former Price	New Price
Q	105.00	172.00
I	103.00	170.00
II	100.00	166.00
III	94.00	155.00

#### Selected Producer Prices for Products (marks per deciton)

	Former Price	New Price
Grain	39.00	63.00
Potatoes for human consumption	27.00	47.00
Sugar beet	8.50	13.75
Milk	108.00	170.00
Slaughter pigs	500.00	770.00
Beef cattle	670.00	990.00

# Industrial Prices for Selected Means of Production for Agriculture

Unit of Quantity		Former Price	New Price
W 50	TM <u>/1,000 marks</u>	46.4	54.1
ZT 300	TM	42.8	70.6
K 700	TM	112.7	161.8
MTS 82	TM	39.5	52.5
E 512	TM	117.7	221.2
6 ORCS	TM	85.7	167.0
Nitrogen	Marks per ton of pure nutritive material	1,206.00	2,220.00

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CSO: 2300/279B

STATE FARMS SET STANDARD FOR AGRICULTURAL PERFORMANCE

East Berlin KOOPERATION in German No 1, Jan 84 pp 7-12

/Text of excerpts from speech by B. Lietz, member, CC of the SED and minister, Ministry for Agriculture, Forestry and Foodstuffs: "Performance of State Farms (VEGs) of Crucial Importance in Supplying Consumers and Industry"

/Text On behalf of all people working in agriculture, forestry and the foodstuffs industry, this central conference wishes to thank the CC of the SED and, in particular, its general secretary, our friend and comrade Erich Honecker, for their resolute and tireless efforts for the benefit of our people and the preservation of peace.

Their policies and constant concern for the successful development of our socialist agriculture gives all of us the strength and confidence that we will in future, too, be able honorably to meet the growing tasks and challenges.

Conscious of their political and economic responsibilities, the working people in agriculture, forestry and the foodstuffs industry will do everything in their power to implement the resolutions of the Seventh CC Plenum.

The development of new and extensive initiatives for raising yields on the fields and output in the barns, coupled with the simultaneous lowering of production consumption, is the focus of the socialist competition in preparation of the 35th anniversary of our GDR.

The best possible performances and results of state farms are crucial for enabling the socialist agriculture in our republic at all times its tasks relating to stable food supplies for the consumers and agrarian raw materials for industry.

That is the guarantee for our agriculture's in future also making a progressive contribution to the dynamic growth of the national economy's performance, something largely reflected in its rising share in the national income.

Similar to the situation in our agriculture generally, the state farm workers' advanced standard of political and technical education, the considerably broadened material-technical base and extensive scientific potential provide excellent prerequisites for a significant rise in performance.

From the very beginning, the more than 91,000 working people in our 457 state farms have proven themselves pillars of the implementation of the SED's consistent agrarian policy. Representing important rural centers, the VEG's always endeavored to consolidate the alliance between the working class and the class of cooperative farmers as the main support of our workers and farmers state.

State farms have available a considerable production potential. At the present time 140 VEG's for crop production are cultivating 415,000 hectares of agricultural area. That amounts to 7.1 percent of the total. More than 11 percent of the entire livestock in socialist farming is kept by 317 VEG's for livestock production.

Our state farms have available basic assets in the amount of M10 billion. This accounts for 16.3 percent of total productive basic assets in socialist agriculture.

Led by the SED, the state farms have turned into modern and efficient enterprises consonant with their significant political and economic responsibilities for socialist farming as a whole.

Their share in the state yield of grain advanced from 68,400 tons in 1965 to some 191,000 tons in 1983. Their market production of sugar beet rose from 171,500 tons to roughly 245,000 tons in the same period of time.

The VEG's for livestock production, too, recorded a remarkable rise in performance. The state yield of slaughter cattle will have risen by 249,700 tons by the end of this year compared with 1965, that of milk by 333,500 tons and of eggs by more than 124 million.

Consequently the VEG's share in the total state yield of slaughter cattle has arrived at 17.4 percent and of milk at 8 percent.

The strategic importance of state farms is reflected especially in the fact that they supply agriculture generally with high-quality seeds and seedlings as well as productive beef cattle, pigs and sheep, and satisfy the entire demand for sperm.

Extremely valuable also is the professional training of 16,000 apprentices annually for our agriculture.

We are therefore entitled to claim that the state farms have registered a stable and satisfactory development from the time of democratic land reform to this day. Always responsive to the various tasks arising in the process of the revolutionary transformation of agriculture, they have honorably met their responsibilities at all times.

Accordingly the function of our state farms--to be the general pacemakers of innovation, to take the lead in the implementation of our party's resolutions--assumes increasingly sharp definition.

Of course the foregoing is not meant to belittle the role of the LPG's and the class of cooperative farmers as the main producers of agricultural output in our republic. Indeed the VEG's serve precisely the all-round assistance to and consolidation of our agricultural producer cooperatives.

This was emphasized in the resolutions of the Politburo and Council of Ministers of June last regarding the further perfection of management, planning and economic accounting in socialist farming.

These resolutions state: "The VEG's role as pacemakers for the improvement of yields and performances and as important producers of seed and seedlings as well as of breeding stock and productive livestock must be further expanded and even more comprehensively utilized to consolidate and develop the cooperations for crop and livestock production."

These are major and demanding objectives, reflecting the fact that the VEG's

1. Generally set an example in the struggle for the highest possible yields and performances in the fields and barns;
2. Are distinguished by rational operational and labor organization, the drafting and application of normatives and best values as well as the careful handling of equipment, buildings and plant, rationally use the labor capacity, exercise thrift and guarantee the best possible order and safety. In short, they must set an example for the comprehensive application of socialist management, and
3. It is vitally necessary for the state farms to meet their responsibilities for the theoretical training of a new generation of skilled and practice-oriented farming professionals.

#### The Challenging Tasks of the 1984 Economic Plan Based on Sound Starting Positions

The Seventh SED CC Plenum discussed the tasks of the 1984 economic plan and indicated the basic approaches to their accomplishment.

As far as we are concerned, the challenging 1984 tasks call on agriculture, forestry and the foodstuffs industry to produce a growing contribution to the continuing successful realization of the Tenth SED Congress resolutions and the all-round strengthening of the GDR.

More than in any previous year, these tasks are intimately linked to the preservation of peace.

The plan is based on sound starting positions. However, extraordinary efforts, creativity and new initiatives are required from everybody to fulfill it.

In 1984 the produced national income is supposed--for the first time--to grow more rapidly than industrial goods production. It follows that the reduction in production consumption, due to the comprehensive utilization of scientific-technological advances and the greatest possible materials conservation, represents one of the main factors for growth and efficiency.

The conduct of the socialist competition in agriculture, forestry and the food industry in 1984 is therefore geared to the same objectives. It will be necessary to develop a broad based mass initiative with the slogan "the greatest possible performance growth by rising labor productivity, efficiency and quality--everything for the welfare of the people and for peace."



As in the national economy as a whole, the central issue for agriculture, forestry and the foodstuffs industry consists in the need by the resolute implementation of the SED's economic strategy for the 1980's to achieve better performances with less material and energy, guarantee the fundamental improvement of the cost/profit ratio and efficiently use all that is available to us.

These are the basic tasks. Their accomplishment will safeguard and gradually expand the material and cultural living standards of the people.

What are the key items we must concentrate on in implementing the economic plan?

Budgeted for 1984 crop production is a gross turnover of 45.1 decitons grain units (GE) per hectare of agricultural area. Compared with the average of the past 3 years, this corresponds to an increase by 2.9 decitons per hectare to 106.8 percent. Based on 1983, gross grain production is set to rise to 10.5 million tons. This means a yield of at least 40.5 decitons per hectare, since we will be cultivating 2,571,000 hectares. The state yield corresponds to the status of 1983.

For oil seeds a rise in state yield of 36,000 tons is required. This calls for an average yield of 24.5 decitons per hectare.

The state yield of potatoes for human consumption and of sugar beet roughly corresponds to that of 1983. We balanced potato yields at 215 decitons and sugar beet yields at 330 decitons per hectare.

To safeguard feed production, the plan calls for the following hectare yields:

Root crops	450 dt <u>/decitons/</u>
Corn	340 dt
Perennial field feed (green mass)	400 dt
Meadows (green mass)	285 dt
Pastures (green mass)	310 dt

Enterprise plans provide for the volume of cultivation of special crops such as hops, tobacco, medicinal plants and herbs required to supply consumers and industry.

The targets for vegetables and fruit were raised by 14,000 tons and 23,500 tons respectively in accordance with the plan returns.

The experiences of recent years clearly show that the full exploitation of water as an intensification factor is needed to guarantee advanced and stable yields in crop production.

At the Seventh CC Plenum, Comrade Erich Honecker therefore stressed that it will be necessary in all villages to stimulate a major mass initiative in order to quickly develop all reserves of water and materials for simple irrigation methods. It will be important here to make use of the many relevant experiences.

Especially valuable will be all those measures adopted by VEG's, LPG's and villages likely to affect yields even in 1984.

The 1984 economic plan provides for a total of 2.4 million tons of slaughter cattle to be produced by animal husbandry. This represents a 5.2 percent addition over and above the (probable) actual 1983 yield.

Milk output has been planned at 6.7 million tons, 300,000 tons more than the 1983 plan.

Roughly as many hen's eggs as in 1983 are to be purchased.

By comparison with 1983, the plan target for sheep's wool (6,750 tons) is higher by 250 tons. Greater energy will be needed to guarantee success for this important heading.

As for livestock, a figure of 5,670,000 head has been planned for beef cattle, including 2,080,000 cows. The total for pigs is to be 12,080,000 and for sheep 2.5 million.

Major efforts will be required in 1984 also to improve livestock raising and steadily reduce stock losses.

Future plan discussions will have to deal in particular with the development of all available fodder reserves so as to reduce the difference still persisting in the fodder balance between demand and yield.

Consonant with the economic potential we will have available fewer investments and less money. We will have to gear ourselves to this fact and do everything conceivable toward transforming the still substantial funds into the largest possible output.

To be considered in the same spirit is the purposeful pursuit of rationalization to raise production and labor productivity as well as improve working and living conditions.

The reduction of specific production consumption is a vital link in the chain of plan 1984. This must be reflected in a much higher quality of the work with norms, normatives and best values as well as in the exact specification of materials consumption and accounting as well as material interestedness in every work collective. We must more comprehensively yet generalize such experiences as are provided by, for example, Erika Paulick (VEG Kalkreuth) by the rearing record book for piglets or by hero of labor Walter Korn (VEG Langenstein) by the board book.

From this aspect we must encourage many varied initiatives to use in the VEG's also all opportunities for processing our own raw materials.

The Standard of Work in Sections and Brigades Decides Yield, Performance, Costs and Profits

The achievement of the greatest possible output and efficiency is--as we well know--much encouraged by the introduction of the agrarian price reform.

As SED CC General Secretary Comrade Erich Honecker emphasized at the meeting with the first kreis secretaries, agrarian price reform is one of the most thoroughgoing political and economic measures in the history of our agriculture.

As for the socialist cooperatives, the agrarian price reform involves a considerable improvement in the economic situation of the VEG's also. According to the plan proposals for 1984, the gross product will rise to 145 percent compared with 1982. The profits of state enterprises are set to increase to 127 percent. Still, even this is not good enough.

Wherever the agrarian price reform and plan drafting were properly linked, resolutely managed in political and economic terms and the initiative of the collectives organized, the objectives of the agrarian price reform for the improvement of profits could be achieved and sometimes exceeded.

Unfortunately we are bound to note from the published figures, that the possible and necessary improvements in efficiency are not yet reflected in the plan proposal of each state farm. The efficiency of production must continue to improve on the basis of the material production goals and the new producer prices. Our entire strength must be directed to that end when completing the 1984 enterprise plans.

The agrarian price reform makes it more worth while and, at the same time, more compelling to raise production, lower costs and improve earnings. We must clearly explain this fact to every worker by means of the enterprise, section and brigade plans, so that personal conclusions may be even more determined. Competition targets, too, should be even more emphatically oriented to the economic results of operations. In the final event, the standard of work in the sections and brigades decides the yield, performance, costs and profits. This underlines the compelling need in the course of planning, the conduct of the competition, accounting and material interestedness to give practical effect to the indices "own product" and "net product" right down to the work collective.

If we give a common denominator to the tasks confronting us, we may claim that it will be necessary in 1983 to guarantee a sharp rise in output and efficiency, coupled with spending cuts.

It is imperative everywhere, in trusting collaboration with our working people and with both sense and sensibility, to explain the new tasks and criteria set in particular by the Seventh SED CC Plenum in their political and economic contexts.

The central issue remains the same--at all times and in all circumstances to guarantee as planned high-quality foodstuff supplies for the consumers and raw materials for industry. This requires another increase in yields and the performance of livestock, coupled with the simultaneous reduction of production consumption.

All our energies must therefore be directed to the utilization of the potential of intensively expanded reproduction so as to achieve greater performances and better labor productivity as well as guarantee growth to an extent consonant with the developmental needs of our national economy. It is imperative everywhere to develop performance reserves in greater dimensions. These fundamental tasks represent a

great challenge especially to the management cadres and specialists in our state farms and their work within the cooperation.

Intelligent and prudent management, the full development of the initiatives and creativity of our working people, the comprehensive utilization of scientific-technological advances--these are the essential elements for achieving in 1984 and the years to come a significant rise in performance by all farms and cooperatives, by bringing into play the full power of cooperation.

Completely to Make Operative Scientific-Technological Advances in all VEG's

A crucial wellspring in all this is the even closer link between the benefits of socialism and the scientific-technological revolution, the significant reinforcement of the intensification of production and, with the assistance of science and technology, the achievement of improved labor and area productivity.

To cope with our tasks we must intelligently utilize the potential of the state farms, the wealth of experiences of university and technical school cadres, managers of collectives and workers. It is imperative to significantly raise the force of radiation of the state farms to farming as a whole.

Particularly to be emphasized is their significance as centers of the working class for the working out and application of scientific-technological advances.

The more ambitious targets and challenges of our time make it indispensable for our VEG's to take the lead in carrying them out, provide a model to all partners in the cooperation and, beyond this, for agriculture generally. The proper method is the even closer combination of science and production.

What criteria ought to guide us?

1. The priority increase in crop production, the guarantee of high yields and the best possible standard of intensification at all sites and for all types of crops. This applies with special emphasis to grain, potatoes, sugar beet and field fodder as well as pasturage.
2. The guarantee of excellent livestock production based on planned and stable stocks on the basis of the cooperation's own feed yield. Especially desirable is the achievement of better performances using high-quality crude fodder and lowering the use of concentrates.
3. The improvement of growth rates for labor productivity, given the prevailing conditions of relatively stagnant labor capacity. It is vital more efficiently to use such production processes as will guarantee the better exploitation of the yield and performance potential bred in plants and livestock breeds as well as the reduction of losses.
4. The improvement of basic asset management and the most conservative as well as the most efficient use of funds. That applies to liquid energy sources, fertilizer and plant protection products as well as to all other means of production.

Consonant with these premises, we must make fully effective all appropriate measures of scientific-technological progress.

The state farms Bandelstorf, Muencheberg, Selbelang, Memleben, Borthen and the Halle hothouse facilities have a special responsibility. Together with another 30 central advisory enterprises in crop and livestock production, they must make scientific-technological advances accessible to all.

These central advisory enterprises represent a well tried collaboration of scientists from our academy, workers and cooperative farmers. However, their powers of attraction must be more quickly reflected in even broader based results.

This includes the need at a higher level to organize the innovator movement at all state farms and cooperations. Here we will be helped by the experienced organizations of our labor union and the FDJ. It will be necessary in particular to provide more scope for our FDJ members by assigning them tasks arising from the enterprise plans for science and technology, so as to enable them to actively participate in the Movement of the Fair of the Masters of Tomorrow. The old truth still applies, according to which we best encourage our young people by challenging them.

The state farms incorporated in the VVB [association of state enterprises] Seeds and Seedlings hold a high responsibility for the intensification of crop production, the increase of yields as the key to the rise in the performance of agriculture as a whole. Theirs is a key position with regard to the improvement of the efficiency of the intensification factor represented by breeding. The working people of the 36 VEG's in the VVB Seeds and Seedlings have accomplished excellent performances in the past. In 1965-1982 they raised seed and seedling production by 50 percent.

In the past 5 years socialist cooperative efforts in the enterprises of the VEB Seeds and Seedlings succeeded in breeding and getting licensed 19 varieties, including 8 grain varieties, 1 potato variety and 9 feed crop varieties.

To ensure the rapid rise in the performance of socialist agriculture and smallholders, it will be necessary in 1984 already to achieve the secured fulfillment and overfulfillment of plans. The VEG's must provide an even greater contribution by making available seeds and seedlings at the best quality, the highest-yielding varieties for the appropriate locations. Seed production must be stabilized, in particular with regard to sugar beet and some vegetable varieties.

At stake especially is the necessity of a faster accomplishment of breeding efforts and the achievement of top performances. The VVB general director must therefore spur on the breeding collectives to an even greater extent.

Taking our cue from the long-range program of plant breeding through 1990 (which established the goals of such breeding), we expect the plant breeders in the VEG's and breeding stations together with the breeders at our academy to make progress in particular with sugar beet, and in the briefest possible delay to make up the arrears by comparison with top international standards. We must also with the utmost resolve endeavor to produce efficient potato varieties. We need efficient varieties in all regions of the GDR.

To accomplish our breeding tasks, it will be necessary further to deepen our successful cooperation with the breeding institutions of the Soviet Union in particular as well as the other CEMA countries, for the faster and purposeful application of scientific-technological advances.

If we wish for a quicker impact of breeding results, we must raise the speed of the transfer of new varieties for cultivation by LPG's and VEG's.

The VEG's Seeds and Seedlings must safeguard the greatest possible stability in the cultivation of seed varieties so as to fully preserve their functional values and keep available the necessary base material for future reproduction at the highest possible quality.

Another crucial task--the stable production of the top cultivation stages for seeds and seedlings--represents a decisive prerequisite for the smooth flowing supply of seeds and seedlings to our agriculture and to smallholders.

The VEG's Seeds and Seedlings must also contribute even more to the introduction of new varieties by planting demonstration fields and thereby provide effective assistance to all crop production enterprises in their region in the matter of choosing the appropriate varieties to better exploit the yield potential.

We are also concerned in future to provide a greater contribution to genetic and process research.

The VEG's of the VVB Seeds and Seedlings are confronted with the task of transferring the wealth of their experiences to all reproduction enterprises, further expanding their role as pacemakers in crop production and, with exemplary zeal, meet their obligations vis-a-vis the cooperation partners involved in animal husbandry.

The 42 state farms of the VVB Animal Husbandry are primarily responsible for the speedier development and utilization of breeding advances with respect to beef cattle, pigs and sheep so as to raise the capacity of livestock production in agriculture as a whole.

In their respective capacities as genetic reserve, preparatory, bloodline and parent breeding enterprises, they guarantee the breeding of high-quality breeding animals as well as checks on their performance. Produced by the breeding stocks of the VVB Animal Husbandry are the sires of 27 percent of all beef cattle, 86 percent of pigs and 29 percent of sheep.

VVB breeding stations make available 100 percent of tested bulls, hogs and rams as well as sperm.

Breeding and producing livestock account for 41 percent of the Animal Husbandry VEG's state yield. Based on the results achieved so far, it will be necessary by the efficient utilization of the intensification factor stock breeding to make continuing important advances in the improvement in the performance potential of livestock breeds on the basis of the VEG's own fodder yield.

It will be the priority task for the VVB beef cattle breeders and breeder collectives in the breeding centers by energetic breeding operations to achieve another rise in crude fodder input capacity and the more efficient utilization of feed by the GDR's black and white dairy cattle.

Improved fertility and rising performance, feed evaluation and carcass quality as well as the improvement of resistance among breeding stock and feeder hybrids are the main tasks for our pig breeders.

We expect better results for our national economy, in particular the replacement of wool imports to be achieved by our sheep breeders, shepherds and their collectives. They are confronted with the need to provide all breeding prerequisites for sheep stocks in our agriculture to grow by 150,000 per annum through 1990, while wool output is to be raised to 9,000 tons through 1990.

The Animal Husbandry VEG's continue to be the basis for the creation and demonstration of scientific preparations in stock breeding, the operation of production experiments and the testing of new breeding and biotechnical processes.

It is imperative now by the further deepening of scientific corporation between the VVB Animal Husbandry and its enterprises with the scientists of the Academy of Agriculture and the universities to make available even faster and more comprehensively for animal husbandry as a whole the newest advances of livestock breeding research.

#### Cooperation and Comprehensive Application of Socialist Management--Basic Issues With Respect to Performance Growth and Efficiency

As demonstrated in the report to the Seventh SED CC Plenum, the Politburo concerned itself in the greatest detail with the tasks involved in the further deepening of cooperation relations by the perfection of management, planning and economic accounting. This has given us a clear directive for our common efforts toward the continuing implementation of the resolutions adopted by the Tenth SED Congress and the Twelfth Farmers' Congress.

All experiences confirm that the ongoing development and consolidation of cooperation represents a powerful factor for achieving the needed major advances in the social and economic development of agriculture.

Cooperation has also proven its value as a method for the close collaboration between cooperative and state property. VEG's are involved in almost 300 cooperations --about a quarter.

Regardless whether centrally or locally managed, the majority of VEG's take the lead and help decide the social and economic standard of cooperation.

The realization of the economic strategy for the 1980's in farming requires us, on the basis of the central state plan, to organize the united reproduction process of crop and livestock production at a new quality. We therefore need to manage, plan, organize and settle the cooperations for crop and livestock production increasingly

better as a solid economic organism and, at the same time, reinforce the LPG's and VEG's own responsibilities. The cooperation councils for crop and livestock production hold key functions in this endeavor.

Our tests basically assume that the VEG director takes on the management of the cooperation council in those cooperations where the VEG is the politically and economically strongest enterprise, and the VEG provides the best prerequisites for planning and analyzing the cooperation.

Of course quite a few problems have arisen, especially with regard to the management, planning and settlement of the VEG's. Let me reply to some questions affecting the VEG's.

1. It is a matter of course that national property must be accurately recorded and reproduced expandedly at all levels. That applies just as much to the united plan and its accounting as to the joint material and financial funds of the cooperation in which the VEG's are involved. The necessary regulations for the VEG's participation in such funds are currently being drafted in conjunction with the ministry for Finance.

2. The VEG's will continue to accomplish their economic tasks in the field of crop and livestock breeding, reproduction, the production of special crops, the achievement of other special production tasks such as exports, the conduct of production experiments, and so on. They are instructed, planned and settled in this endeavor by their VVB's or the bezirk councils.

It is our perception that these tasks, including the money required to accomplish them, should be incorporated in the plans of the cooperations as an "included..." heading. How this is to be done will be revealed following the tests.

Cooperation agreements should include provisions safeguarding the effective classification of the VEG's national tasks in the cooperation. It will therefore be necessary for the superordinated organ to coordinate with the respective kreis councils and cooperation councils the long-term development conceptions for the VEG's.

The existing rights and duties of the superordinated organ vis-a-vis the VEG's and the director's accountability continue as before.

3. Of course all specific legal regulations on the workers and on state property must continue to apply and need to be observed in the cooperation's management, planning and economic accounting. Here I am thinking in particular of the labor code, standard collective contracts, the wage fund and premium fund planning.

The question how and at what cost of fertilizers, plant protection substances, feed, energy and other funds production is to proceed has gained immense importance for the nationally required performance growth. The greatest possible efficiency and most conservative handling of live and embodied labor is still the indisputable command of socialist management.



In lockstep with the increase in yields and performances, it is more than ever necessary with regard to money saving and intensively expanded reproduction to study every single cost heading.

We are quite certain that lasting successes in the achievement of a significantly improved cost/profit ratio can be scored only by the comprehensive application of socialist management.

In our existing reproduction conditions, a scientific organization of production and labor more than ever decides the volume of yields and the efficiency of production in every LPG, VEG and cooperation. As Comrade Erich Honecker, our general secretary, emphasized, it is imperative from this aspect to perfect socialist management in all VEG's.

Experience has taught us that we need the local principle as an important condition for any further advance in efficient land use, reductions in transport costs, better soil preparation by the addition of organic substances and, not least, the more efficient utilization of the labor capacity and the increase in productive working hours. We also need this to significantly raise the sense of responsibility among the work collectives and their managers. At the same time we encourage cooperative efforts between crop and livestock production at the level of brigades, sections and villages.

It has been found useful for everything that is planned, organized and settled in the territories of the various sections and brigades to be in fact decided there, on their own responsibility and in the general interest.

In 1984 no section or brigade in the VEG may operate without its own plan. All this is the prerequisite for the complete enforcement of the socialist performance principle and for consistently directing the work collectives as well as the management cares toward high and stable yields and performances and, consequently, a rising own and net product, coupled with lower costs.

Based on the standard collective contract, such types of wage payments must be agreed with the enterprise labor union executive boards as will orient the VEG's workers to a satisfactory quality of field work, the best possible productivity of the livestock and the lowest possible losses coupled with the thriftiest use of energy, especially diesel fuel and feed. It will, moreover, be necessary resolutely to exploit the opportunities offered for transfers of management cadres to higher salary grades upon satisfaction of the performance criteria established in that respect, and in conjunction with greater emphasis on the work with normatives and performance indices.

In this connection we welcome the proposal by the central executive board of our labor union by the effective organization of the wage premium to directly stimulate VEG workers to raise yields of grain, potatoes and fodder, meat and milk. This is quite feasible by means of the collective performance bonus.

The novel feature of this type of wage payment is the effective stimulation of the accomplishment of maximum yield and maximum performance conceptions within the

framework of the planned wage fund. Every director should make sure that the moneys in the premium fund are used as a meaningful supplement to wage payments for the achievement of satisfactory performances by all employees, in particular by means of the year-end premium.

#### Unity of Economic and Social Policy to Be Resolutely Implemented in Each VEG

In close cooperation with our labor union it will be necessary on each state farm to realize the firm unity of economic and social policy in our daily labors, to make it evident for every worker. This is a fundamental concern of our party policy; it encourages the readiness of working people to work well and strengthens their conviction that satisfactory work for society and the enterprise also benefits each individual.

We must therefore make even more certain that the working people are actively involved in management and planning, and that the constitutional codetermination right of the labor union and the activism of the FDJ and other social organizations are guaranteed in the enterprise.

The increasing involvement of our youth assumes tremendous importance for our present and future.

True to its revolutionary traditions, the Free German Youth is always to be found at the center of activism and develops many varied initiatives as the fighting reserve of the SED.

This is demonstrated by the outstanding results recorded by FDJ members and youths in the VEG's in the efforts for the greatest possible materials and fodder conservation, the FDJ initiative "livestock production" and the movement "Fair of the Masters of Tomorrow," to cite only some initiatives in the "FDJ's Peace Proclamation."

The consolidation and establishment of new youth brigades continues a key concern in the realization of socialist youth policy. They have proven to be assault units in the socialist competition for the fulfillment and purposeful overfulfillment of the economic plan; they are centers of the FDJ work and cadre forges for the leaders of tomorrow. Wherever we trust in youth and assign it responsibility, it feels at home and stays in the village.

For our young people--and of course all other working people--to feel at home on their state farms, it is also necessary for VEG managements, together with the social forces--to devote increasing attention to the further improvement of material working conditions.

Of immense value are the efforts of the VEG's and their cooperations, in close collaboration with municipal councils, the National Front Committees, local organizations of the Peasants Mutual Aid Association, the sections of the Union of Small gardeners, Settlers and Small Livestock Breeders and all other rural social forces to organize an interesting intellectual-cultural life in the village.

NEW CIVIL AVIATION LAW PROMULGATED

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I  
No 29, 2 Nov 83 pp 277-284

/Official text: "Law on Civil Aviation--Civil Aviation Law--of 27 Oct 1983," effective 1 Feb 84

/Text/ Based on the observance of the sovereign rights of the German Democratic Republic in the air space of its sovereign territory, the People's Chamber of the German Democratic Republic enacts the following law:

Section I

Principles and Scope

Article 1

Exercise of Air Sovereignty

The air space above the entire continental area and all waters of the German Democratic Republic is part and parcel of GDR sovereign territory. It is subject to exclusive GDR sovereignty.

Article 2

Use of the Air Space

- (1) GDR air space may be used by
1. Aircraft listed in the GDR aircraft register and licensed for aviation;
  2. Other aircraft if permitted to do so as the result of an international treaty or the issue of a specific space permit.
- (2) The Minister for National Defense determines the general system for the use of the air space by aviation in principal aviation regulations. The Minister for National Defense may impose restrictions on the use of air space and permanently or temporarily bar sections of the air space.

## Article 3

### Scope and Applicability

- (1) This law applies to aviation in the air space of the German Democratic Republic.
- (2) This law applies to aircraft licensed for aviation in the GDR, their flight and cabin crews even outside GDR sovereign territory, unless otherwise provided in the legal regulations of the country in the sovereign territory of which the aircraft are present.
- (3) GDR civil or economic legislation applies to the contractual relations and the responsibility for damage caused of aviation enterprises.
- (4) If other regulations are provided by international treaties concluded or cosigned by the GDR, they are applicable.
- (5) The regulations issued by the Minister for National Defense apply to aviation personnel, aviation equipment, airfields and flight operations of the GDR National People's Army and the Border Troops.
- (6) The regulations issued by the competent ministers in agreement with the Minister for National Defense apply to aviation personnel, aviation equipment, airfields and flight operations of other defense and security organs.

## Article 4

### The Tasks of Civil Aviation

- (1) Civil aviation must
  1. Carry passengers, baggage, freight and mail safely and appropriately by air transportation;
  2. Construct and maintain airports and other airfields ready for operation in accordance with social needs (airport operation);
  3. Provide services by aircraft for the national economy and other social needs with the aim of the greatest possible economic efficiency (aviation services).
- (2) The Minister for Transportation has jurisdiction over the state management of civil aviation unless other provisions have been made in this law, or the Council of Ministers decides on other jurisdictions.

## Section II

### Air Transportation

## Article 5

### Extent and Implementation of Air Transportation

- (1) GDR aviation enterprises carry out their transportation tasks by scheduled and charter air services within the scope of legal regulations.

(2) Passengers, baggage and freight liable to represent a hazard to flight safety or barred from transportation for other reasons provided in legal regulations, are excluded from air transportation. The same applies to baggage and freight lacking the necessary prior permission for transportation as per Article 42 Paragraph 2.

#### Article 6

##### Air Transportation Within the GDR

Unless otherwise provided in international treaties or a special permit has been issued by the Ministry for Transportation, only GDR aviation enterprises are authorized for transportation by air between locations in the GDR.

#### Article 7

##### General Transportation Terms

In agreement with the Minister for Justice, the Minister for Transportation issues general transportation terms as legal regulation for GDR aviation enterprises.

#### Article 8

##### Transportation Contract

- (1) Transportation proceeds on the basis of a transportation contract concluded by the aviation enterprise and the passenger or the shipper of air freight.
- (2) Unless otherwise agreed in writing, the transportation contract takes effect upon issuance of the ticket or confirmation of the acceptance of the air freight by signature of the waybill.

#### Article 9

##### Special Contractual Duties

Passengers and shippers of air freight must observe the regulations applicable for air transportation in countries to be flown over or to, as well as the instructions of the aviation enterprises; they must present the prescribed documents on entry and exit or import and export as well as transit and submit to the prescribed baggage or air freight checks.

#### Article 10

##### Air Mail

Applicable to the transportation of mail are the legal regulations on posts and telecommunications, the regulations of the World Postal Treaty and its agreements as well as the specific agreements between the aviation enterprises and the GDR Postal Service.

### Section III

#### Aviation Services

##### Article 11

###### Services Rendered by Aircraft

(1) GDR aviation enterprises carry out agricultural flights, crane and other industrial flights as well as photographic flights and flights for the purpose of other aviation services.

(2) The use of aircraft not listed in the GDR aircraft register for aviation services in the GDR requires prior permission by the Minister for Transportation. The same applies mutatis mutandi to the use for aviation services outside GDR sovereign territory of aircraft listed in the GDR aircraft register.

##### Article 12

###### Photographing from the Air

Aerial photographs, their copying, publication or other use require prior permission by the competent state organs.

##### Article 13

###### Photographic Flights

The GDR aviation enterprise charged with the operation of photographic flights and the production, copying or publication of aerial photographs is authorized on behalf of the customer to apply to the competent state organs for the required permits.

##### Article 14

###### Contract on Aviation Services

(1) By the contract on the provision of aviation services, the aviation enterprise accepts the obligation punctually and appropriately to carry out the agreed services.

(2) The customer is obligated to carry out the cooperation acts required for the orderly execution of the aviation services, accept the contractually supplied service and pay the agreed and admissible price.

##### Article 15

###### General Terms for the Provision of Aviation Services

In agreement with the managers of the competent central state organs, the Minister for Transportation issues general terms for the provision of aviation services in the form of a legal regulation.

## Section IV

### Aviation Personnel

#### Article 16

##### Definition

- (1) Aviation personnel is deemed to be
  1. Persons whose work on board is required to operate an aircraft in flight, and who need a state license to do so (flight crew);
  2. Persons whose duty it is to carry out other tasks in an aircraft in flight, and who need a license to do so (cabin crew), as well as
  3. Persons other than flight and cabin crews who carry on an activity in aviation directly relevant to flight operations and need a license to do so (other aviation personnel).

#### Article 17

##### Training

- (1) The establishment of institutions for the training and further education of civil aviation personnel requires the approval of the Ministry for Transportation.
- (2) Unless other legal regulations establish another jurisdiction, the Ministry for Transportation determines the dimension and subject matter of training and further education.

#### Article 18

##### License and Pass

- (1) The Ministry for Transportation issues the state license for civil aviation personnel.
- (2) A pass is issued to the license holder, recording the kind and extent of the work to be carried out and the period of validity. The license holder must carry the pass while exercising his/her profession.
- (3) The license may be restricted, withdrawn or canceled if the conditions of its issue are no longer present. In such cases the appropriate notation is made on the pass, or it is withdrawn.
- (4) The Ministry for Transportation keeps an aviation personnel register of all persons holding a state license for civil aviation personnel. The Minister for Transportation regulates the system of keeping this register.

## Article 19

### Educational Measures for Aviation Personnel

- (1) Educational measures ranging to deletion of the license in the aviation personnel register may be imposed on aviation staff in case of infringements of discipline, order and safety in connection with their work in civil aviation. The responsibilities of aviation personnel prescribed in other legal regulations are not affected thereby.
- (2) The Minister for Transportation regulates the conditions for the imposition and organization of the educational measures consonant with the seriousness of the infringement as well as the procedure to be observed.

## Article 20

### Passes of Other States

- (1) Aviation personnel passes issued or recognized by other states are valid in the GDR, provided they meet internationally prescribed minimum conditions.
- (2) The competent GDR state organs may deny recognition of passes issued or recognized as valid by another state to citizens of the GDR.

## Article 21

### Assignment of the Authority to Issue Licenses

The Minister for Transportation may assign the authority to issue state licenses to aviation personnel to aviation enterprises or social organizations. The provisions of Articles 18 and 19 apply mutatis mutandi.

## Article 22

### Commander

- (1) The commander is the responsible pilot employed by the aircraft operator and entrusted with the exercise of the command.
- (2) In case of the unavailability of the commander, the command is transferred to the first or second pilot, depending on the composition of the crew.

## Article 23

### Flight Controller

- (1) The flight controller is the state assignee responsible for taxiing and flight operations on the airfield and in the airspace allocated him; he is authorized to issue instructions.
- (2) The flight controller of airports and the air space controlled by air traffic control is appointed by the organ competent for air traffic safety (air traffic control). In the case of all other airfields, the flight controller is appointed by the airfield operator.



## Section V

### Rights and Duties of an Aircraft Commander to Safeguard Order and Safety

#### Article 24

##### Command Powers and Right to Instruct

- (1) Command powers include the authority for decisions regarding the entire preparation, execution and evaluation of the flight as well as the right to instruct other members of the flight crew, the cabin crew and passengers. Flight crew members and the cabin crew must assist the commander in the exercise of his command powers and promptly inform him of unusual incidents.
- (2) The commander's right to instruct other flight crew members and the cabin crew begins upon issue of the flight assignment and ends with the conclusion of the prescribed operations after return to the home airport.
- (3) The commander's right to instruct passengers begins with the passengers' entry in the aircraft and ends after landing has been completed, when all passengers have left the aircraft or, after an emergency landing, upon the arrival of the personnel of the competent state organs.

#### Article 25

##### Order and Safety on Board the Aircraft

- (1) To safeguard order and safety on board the aircraft, the commander is entitled and obligated upon the advent of hazardous situations to take all measures required to safely carry out the flight. To be taken into account are the state interests of the GDR as well as the protection of the life, health and property of the persons on board and the representation of the interests of the aircraft operator and the persons entitled to the freight carried. The competent air traffic control must be notified of the decisions adopted.
- (2) The commander may transfer his powers either entirely or partially to other members of the flight crew and assign the flight and cabin crews tasks other than those they were appointed to by the aircraft operator.
- (3) In the case of emergency landings or accidents, the commander has the right and duty to adopt measures for the preservation of the life and health of the persons on board as well as for the protection of the aircraft and the items carried.

#### Article 26

##### Safety Measures on Board the Aircraft

- (1) Upon suspicion of a criminal offence on board the aircraft, the commander is obligated to adopt the necessary safety measures to safeguard the aircraft and the persons on board.

(2) The commander may have a suspect searched in the presence of two impartial outsiders and take into custody items that appear suitable for carrying out a criminal act or that may serve as evidence. The search must be carried out by persons of the same sex. The commander may take the suspect into custody if a crime on board the aircraft is suspected.

(3) The commander must produce a protocol of the measures carried out as per Paragraph 2. Together with a list of the items taken into custody, this must be handed to the competent prosecuting organ.

(4) If resistance is offered the commander in the exercise of his powers, his orders are not followed or their execution obstructed, physical force may be used if other means are not sufficient to prevent serious effects on safety.

(5) If order and safety on board the aircraft are endangered or disrupted, the commander must adopt such measures as will effectively prevent hazards and remove disruptions that threaten the life and health of people, socialist and personal property or in other ways adversely affect order and safety. He may adopt the measures listed in Paragraphs 2 and 4 even if there is no suspicion of a crime but the hazard or disruption cannot be removed by any other means. If the commander takes into custody items apt to endanger or disrupt order and safety on board without suspicion of a crime, these items must be restored to the passenger at the conclusion of the flight.

## Section VI

### Aviation Apparatus

#### Article 27

##### Definition

(1) Aviation apparatus in the meaning of this law are aircraft, their technical equipment and fittings insofar as state licensing or testing are prescribed.

(2) An aircraft in the meaning of this law is any apparatus that derives its carrying power in air space from aerial powers or the scope of movement of which is predominantly the earth's atmosphere. They include in particular motorized aircraft, rotary wing aircraft, gliders, motorized gliders, airships, free and captive balloons, parachutes and hang gliders capable of moving people.

#### Article 28

##### Ownership, Manufacture, Sale and Use of Aircraft

(1) The manufacture and purchase of civil aircraft require prior approval by the Ministry for Transportation. The regulations on the licensing of civil aircraft for aviation are not affected thereby.

(2) Not permitted are the ownership, manufacture, sale and use of hang gliders, apparatus for the operation of water ski flights as well as apparatus with the same or similar methods of functioning.

## Article 29

### Licensing of Aircraft

- (1) Civil aircraft may be taken into service only when licensed for aviation. Other aircraft may be licensed for aviation if this is required for their participation in border crossing aviation or other reasons.
- (2) Licensing occurs only when the conditions stipulated in legal regulations are met, especially certification of the aircraft's airworthiness.
- (3) The operator of an aircraft is that person who has been issued the license to operate the aircraft.
- (4) Operators of civil aircraft may be state organs, state combines and enterprises, scientific institutions and social organizations.
- (5) Licenses are withdrawn and airworthiness denied when the conditions for their issue are no longer present.

## Article 30

### Aircraft Register and Nationality of Aircraft

- (1) Civil aircraft licensed for aviation are entered in the aircraft register. The Minister for Transportation regulates the system for maintaining the aircraft register.
- (2) Entry in the aircraft register bestows GDR nationality on civil aircraft as well as the right to display the nationality insignia.
- (3) Issued by way of entry in the aircraft register is the registration and licensing certificate by which the aircraft is assigned the nationality registration and insignia. These insignia must be permanently affixed to the aircraft.
- (4) The registration and licensing certificate, airworthiness certificate and other prescribed documents (board papers) must be carried on every flight.

## Section VII

### Airfields

## Article 31

### Definition

- (1) Airfields are areas on land and water, serving flight operations with the installations and facilities located thereon.
- (2) Airports are airfields for public traffic.

## Article 32

### Airfield Construction and Operation

- (1) Airfields for civil aviation may be constructed and operated only with the approval of the Ministry for Transportation.
- (2) At the time of licensing for operations, an area must be determined, the air space of which is devoted to the aviation operation of the airfield (airfield zone).
- (3) The Ministry for Transportation may issue conditions for the construction and operation of an airfield.
- (4) Deviations from the permit issued for the construction or operation of an airfield require the approval of the Ministry for Transportation.

## Article 33

### Registration and Publication

- (1) The Ministry for Transportation must register approved airfields for civil aviation.
- (2) The airports' suitability for use and the type of their traffic technical equipment must be published.

## Article 34

### Operator of an Airfield

- (1) The operator of an airfield is that person who has received a permit to operate the airfield.
- (2) Operators of an airfield may be state organs, state combines and enterprises, scientific institutions and social organizations.

## Article 35

### General Duties of an Airfield Operator

- (1) The operator must maintain the airfield according to the provisions of the permit for operation.
- (2) The operator must take the proper precautions to prevent disruptive effects on the environment caused by the operation of the airfield--as far as this is possible and economically justifiable from the aspect of the available technology.
- (3) Unless special competence is provided in other legal regulations, the Minister for Transportation decides the closure of an airport. The operator must inform the Ministry for Transportation of the closure of any other airfield.

- (4) The competent state organs may restrict the use of an airfield or shut it down.

## Article 36

### Specific Duties of the Airport Operator

- (1) To guarantee the safety of civil aviation against illegal actions, the airport operator must
- Provide and maintain in operational order the appropriate facilities for security measures in handling passengers as well as dealing with baggage, air freight and mail,
  - Ensure that the installations and facilities of the airport not open to public access can be entered only by authorized personnel,
  - So to secure aircraft, motor vehicles and loading devices parked on the non-public part of the airport, that access by unauthorized persons and the deposition of security threatening objects are excluded.
- (2) The airport operator must draw up a security plan with regard to the measures required as per Paragraph 1 and coordinate this with the competent state organs.
- (3) The provisions of Paragraphs 1 and 2 apply mutatis mutandi to operators of other airfields.

## Article 37

### Building Restrictions

- (1) To safeguard the security of aviation, an area of up to 20 km measured from the airfield perimeter may be stipulated when the permit for the construction of the airfield is issued. Restrictions on the construction of buildings or plantings may be imposed for that area (building restriction area).
- (2) Within the building restriction area, structures/plantings capable of causing optical, acoustical or electromagnetic interference may be constructed only with the approval of the Ministry for Transportation. No such approval is required for structures subject to permit or registration as per the law on the postal and telecommunication system and the legal regulations issued thereto.
- (3) On the suggestion of the airfield operator, the competent local state organs may impose restrictions within the building restriction area with regard to the construction of buildings and structures that would inevitably suffer a loss of usefulness as a consequence of flight operations.
- (4) Paragraphs 1-3 apply mutatis mutandi to land based air traffic control installations. Land based air traffic control installations are buildings, facilities, equipment and structures with the pertinent real property used for the purpose of air traffic control.

## Section VIII

### Flight Operations

#### Article 38

##### Air Traffic Control

(1) The air traffic control service must safeguard aviation in GDR air space and on airfields as well as coordinate the flights of aircraft with the competent state organs by means of advice, instruction and supervision. Implementation of this task is deemed state activity.

(2) Instructions by the air traffic control service must be followed unless a different action is indispensable to guarantee safety in cases of air emergency; penetration or overflight of GDR sovereign territory for reasons of air emergency or rescue from the sea require the permission of the air traffic control service.

#### Article 39

##### Airborne Radio Communications Traffic

In addition to the provisions of this law, the law on the postal and telecommunication system and the legal regulations issued thereto apply to the equipment of aircraft and airfields with radio systems and the operation of airborne radio communication services.

#### Article 40

##### Starts and Landings Outside Airfields

(1) Except in emergencies, an aircraft may land outside airfields only with the prior approval of the Ministry for National Defense.

(2) No such approval is required for the landing of gliders and free balloons or for deployment for purposes of rescue and disaster aid.

(3) Legal entities, owners and users of real property are obligated to tolerate landings and starts of aircraft on their real property if required to save human life, in case of air emergencies and other inevitable incidents. Damages arising therefrom must be compensated by the aircraft operator in accordance with the legal regulations in effect.

#### Article 41

##### Aircraft Noise

Nuisance caused by aircraft noise must be reduced by the appropriate technical and organizational arrangements that are technically feasible and justifiable in terms of the national economy.

## Article 42

### Transportation Restrictions

- (1) Hazardous freight may be carried in aircraft only if the conditions required in legal regulations are met.
- (2) Weapons, ammunition, explosives and other explosive substances as well as radio devices may be carried in aircraft only with the prior approval of the competent state organs--unless they are part of the aircraft equipment.
- (3) No objects may be carried in the passenger space of a civil aircraft if their shape or markings arouse the appearance of weapons, ammunition, explosives or other explosive substances, nor may spray cans be carried if, due to internal pressure or the type of content, they are capable of being used for hazardous attacks on people.

## Article 43

### Security Checks

- (1) Passengers must submit themselves and their baggage to a security check on the airport premises or before entering the aircraft.
- (2) The security check involves the search for objects and substances, carriage of which on board might be used for the commission of crimes or in some other way to endanger the order and safety of the persons and material assets on board as well as the aircraft.
- (3) Technical means are used for the security check. Authorized persons of the same sex may frisk the clothed body of the passenger.
- (4) Passengers found to carry objects or substances not admissible for carriage may be barred from transportation.

## Article 44

### Air Displays

- (1) Public air displays and the participation of aircraft in other public displays require prior permission. This permission may be linked to obligations.
- (2) In agreement with the Minister for National Defense, the Minister for Transportation settles the conditions and procedure for the issue of the permit.

## Article 45

### Sports Flights

- (1) On the basis of the appropriate legal regulations, the Society for Sport and Technology is in charge of the development and exercise of sports flights in the GDR.

(2) The Council of Ministers decides on sports flights to be carried on by other social organizations.

#### Article 46

##### Emergency Assistance

The commander of an aircraft, who receives an emergency signal from another aircraft or a ship, or who observes an aircraft or ship in distress, is obligated promptly to report the incident and assist the craft in distress if this is possible without hazarding his own aircraft and the persons on board.

#### Article 47

##### Accident Assistance

(1) In the case of accidents and emergency landings, the competent state organs must extend all possible assistance to the persons on board. The aircraft is to be so secured that, until the arrival of the organs assigned investigation of the incident, only those measures are adopted that are required to rescue people or preserve material assets.

(2) Alarms, searches and rescues in connection with an aviation accident or an emergency landing are carried out by the competent central and local state organs on the basis of the pertinent legal regulations.

#### Article 48

##### In-flight Incidents

(1) An in-flight incident on GDR sovereign territory must be reported by the aircraft operator and the air controller in whose competence it occurred, as well as by the pilot involved.

(2) The competent organs must investigate in-flight incidents and adopt the necessary measures for preventing a repetition of in-flight incidents.

(3) The Minister for Transportation settles the procedure of reporting, investigation and evaluation as well as the tasks of the state investigating commission.

#### Article 49

##### Crossing the National Border

(1) Aircraft may cross the GDR national border only with state permission. The principles and procedure for issuing such permission are decided by the Minister for Transportation in agreement with the Minister for National Defense and consonant with the provisions of the Law of 25 March 1982 on the National Border of the German Democratic Republic--Border Law--(GB1 I No 11 p 197).



(2) Aircraft of other countries flying into GDR sovereign territory must land at their assigned international airport without intermediate landing. Landings at other airfields require prior permission by the Ministry for National Defense.

#### Article 50

#### Aviation Meteorological Service

The GDR Meteorological Service is competent for comprehensive assistance to aviation with respect to meteorological questions.

#### Article 51

#### Special Provisions

Insofar as the special features of flight operations require, and the safety of aviation is not threatened thereby, the Minister for Transportation in agreement with the managers of the competent central state organs may approve special provisions relating to the regulations of Articles 42-44 and 46-48.

#### Section IX

#### Insurance

#### Article 52

(1) For the period of licensing of the aircraft or approval of the airfield, operators of aircraft and airfields are obligated to take out insurance within the scope of the terms for aviation insurance confirmed by the competent state organs, against claims for compensation arising from their responsibility for damage caused by the operation of the aircraft or airfield.

(2) Upon request, the operator of aircraft not recorded in the GDR aircraft register by involved in aviation in the GDR must bring evidence of insurance against the consequence of extra-contractual responsibility for damage or of assured compensation by some other means.

#### Section X

#### Criminal and Administrative Penalty Proceedings

#### Article 53

#### Hijacking and Illegal Appropriation of Aircraft

(1) A jail sentence of 3-10 years is imposed on anyone hijacking an aircraft or appropriating an aircraft with the aim of abducting it by violence or threats of violence or any other kind of intimidation or deception.

(2) In serious cases, the offender is penalized with a jail sentence of 5-15 years. A serious case is deemed to have arisen if

1. The hijacking or appropriation of the aircraft caused a person to suffer serious bodily injury or death by negligence or endangered the lives of several persons;
  2. The hijacking or appropriation of the aircraft caused an accident or other serious consequences;
  3. The offender is the leader of a gang.
- (3) A jail sentence of no less than 10 years or life is imposed on anyone whose crime causes the death of a person as a result of premeditation.
- (4) Preparation and attempt are punishable.

#### Article 54

##### Unsuccessful Instigation

A jail sentence of up to 5 years is imposed on anyone who calls upon another person for the commission of a crime as per Article 53 or for participation in such a crime, or who offers to do so, without the person solicited in fact carrying out the crime,

#### Article 55

##### Abetment

A jail sentence of up to 5 years is imposed on anyone who, after commission of a crime as per Article 53, helps the criminal or someone involved in the crime so as to protect him from prosecution or obtain from him benefits arising from the crime.

#### Article 56

##### Failure to Report

Anyone gaining credible knowledge of the project, preparation or execution of a crime as per Article 53 before it is completed and fails promptly to report it, will be punished with a jail sentence of up to 5 years or--in the case of a crime as per Article 53 Paragraph 3, a jail sentence of 2-10 years.

#### Article 57

##### Contravention of Regulations on Aviation

- (1) A jail sentence of up to 2 years or probation or a fine will be imposed on anyone who, with premeditation,
1. Makes or acquires or in some other way obtains an aircraft without the permission required as per Article 28 Paragraph 1;
  2. Pilots or causes an aircraft to be piloted without the permit required as per Articles 18 and 20, or operates or uses it without the license required as per Article 29 for civil aviation;

3. Carries objects in an aircraft of the kind listed in Article 42 without the permission of the competent state organs;
  4. In his capacity of pilot fails to observe the bans or restrictions on the use of the air space;
  5. Takes aerial photographs without the permission required as per Article 12, outside scheduled and charter traffic, or copies, publishes or otherwise uses them.
- (2) The attempt is punishable.

## Article 58

### Administrative Penalty Provisions

- (1) A reprimand may be issued or a fine of up to M500 imposed on anyone who, with premeditation or negligently
1. Uses untested or not airworthy products in civil aviation or delivers them for use;
  2. Constructs airfields without permission;
  3. Fails entirely or in time to meet the obligations imposed by the competent state organs in connection with the use of tested and airworthy products in civil aviation or the issue of the permit for the construction of an airfield;
  4. Without permission constructs buildings or other structures and facilities or carries out plantings or fails entirely or in time to meet the obligations imposed in the building restriction area of airfields and land-based air traffic control installations;
  5. Carries on public flight displays without permission from the competent state organs or instigates the participation of aircraft in other public displays without such permission or fails to observe the obligations linked to the issue of the permission;
  6. As pilot of an aircraft fails to observe allotted flight plans and heights or to follow the instructions of the air traffic control service;
  7. While piloting an aircraft and shamming an emergency causes the competent state organs to issue permission for entering the air space of the GDR;
  8. As pilot of an aircraft lands outside airfields without permission by the competent state organs or without the presence of the conditions required for exemption from the ban on outside landings;
  9. Fails altogether or in time to report as prescribed any in-flight incident or does so incompletely or incorrectly, or obstructs the investigation of the in-flight incident or fails to carry out the necessary security measures at the location of the incident;

10. As member of the crew contravene the duties assigned him with the license;
  11. Carries out work subject to license on the aircraft, land-based air traffic control installations or airfields without having the appropriate license or has such work carried out by persons who do not have the appropriate license;
  12. On board an aircraft fails to follow the instructions of the commander or another crew member or obstructs the implementation of these instructions or disrupts order and safety on board in any other manner;
  13. Without authorization enters the installations or facilities of an airfield barred to public access or evades the prescribed security checks on airfields;
  14. Without the permission required as per Article 23 takes photographs on board of scheduled or chartered aircraft or reproduces, publishes or in any other way uses them;
  15. Contravenes the regulations of Article 28 Paragraph 2.
- (2) Anyone committing a premeditated act as designated in Paragraph 1 may be fined up to M1,000, if
1. Social interests were grossly abused;
  2. State or public order and security were significantly affected, or
  3. Such a misdemeanor was committed repeatedly within 2 years and punished by fine.
- (3) Any pilot who negligently crosses the GDR national border without the permission prescribed in Article 49 Paragraph 1, may be fined up to 500.
- (4) In instances where Paragraphs 1 and 3 apply, the aircraft or other objects used or intended for use to commit the misdemeanor may be impounded without consideration of ownership or the rights of third persons, and this may be done in addition to a fine nor need compensation be made.
- (5) The manager of the main administration for civil aviation at the Ministry for Transportation handles administrative proceedings in instances as described in Paragraph 1 Nos 1-14; the manager of the main administration for civil aviation and the managers of the branch offices of the German People's Police in instances as described in Article 1 No 15 and Paragraph 3.
- (6) The Law of 12 January 1968 on Combating Misdemeanors--OWG--(GB1 I No 3 p 101) applies to administrative proceedings and the imposition of administrative penalties.

## Section XI

### Concluding Provisions

#### Article 59

##### Fees

Fees are charged on the basis of the legal regulations on state administrative fees for administrative actions carried out as per this law in the interest or at the suggestion of the persons involved; costs incurred must be repaid.

#### Article 60

##### Consequent Regulations

The Council of Ministers, the Minister for National Defense and the Minister for Transportation issue the regulations required to carry out this law.

#### Article 61

##### The Taking Effect and Cancellation of Legal Regulations

(1) This law takes effect on 1 February 1984.

(2) Losing effect at the same time are:

1. The Law of 31 July 1963 on Civil Aviation (GB1 I No 9 p 113);
2. No 37 of the appendix to the Law of 11 June 1968 on the Adjustment of Articles in the Penal Code and of Administrative Regulations--Adjustment Law--(GB1 No 11 p 242);
3. Article 11 Paragraph 4 of the Introductory Law of 12 January 1968 to the GDR Penal Code and Criminal Trial Order;
4. The Law of 12 July 1973 on the Criminal Responsibility for Hijacking Aircraft (GB1 I No 33 p 377);
5. The Decree of 4 July 1972 on the Duties and Rights of Commanders and Crews to Safeguard Safety on Board of Civil Aircraft (GB1 II No 47 p 649);
6. The order of 25 August 1980 on Aviation Equipment (GB1 I No 27 p 274).

The preceding law, enacted by the People's Chamber of the German Democratic Republic on 27 October 1983 is hereby promulgated.

The Chairman of the Council of State of the German Democratic Republic

E. Honecker

BANK PRESIDENT REPORTS ON 1983 RESULTS, 1984 TASKS

Budapest FIGYELO in Hungarian No 5, 2 Feb 84 pp 1, 4

[Report by Dr Matyas Timor, president of the Hungarian National Bank:  
"Our International Credit Relations Have Improved"]

[Text] At his press conference on 31 January, Dr Matyas Timor, president of the Hungarian National Bank [MNB], evaluated the 1983 results of the work done by the bank and briefly described its tasks for the current year.

Last year, our economic relations in ruble transactions went according to plan; in the convertible balance, based on contractual parity, there was an 826 million dollar export surplus. (However, we were behind the goal set in the 1983 plan which projected a 700-800 million dollar surplus calculated as limit parity. Editorial comment.) The net debt was decreased although the conditions were less favorable than calculated: on our principal markets, disposal of goods was made difficult by the protracted recession--export was also hampered by protectionist measures;--the drop in prices calculated in dollars was greater in export than in import;--and finally but not lastly, the draught also contributed to the lower foreign trade surplus than projected.

In 1983, there was an improvement in the international credit relations of the nation. The success of our economic policy efforts formed a base for asking and receiving credit from IMF, the international financial institution of the UN, and from the World Bank, the international bank for reconstruction and development.

Based on the loan agreement in December 1982, we drew about 300 million dollars from the IMF in 1983. In the first half of 1983, we received 200 million dollars in intermediate-term loans from a group of banks. Through our World Bank membership, in the second half of the year, we were able to receive 270 dollars in long-term loans from two international groups of banks--in the form of joint financing. In this case, the World Bank also participated as creditor. In 1983--in addition to fulfilling our payment obligations--the international assessment of our state of liquidity and our credit worthiness improved.

It is a significant contribution toward the realization of our current plans for assuming loans that, in order to support our efforts at improving our balance, another credit reserve was approved by the IMF for 425 million SDR (about 450 million dollars). The interest on and terms of the loan are more favorable than of loans available from commercial banks.

This year, the MNB is introducing a new computer service in the framework of which the enterprises--for a modest fee--would receive all the information gathered about the institutions financed by the World Bank which is associated with the individual phases of lending. This can prove useful to the Hungarian enterprises participating in the system, in their preparation for successful competitive bidding. Exploitation of these advantages--with the inclusion of new export markets--can promote the attainment of our goals.

The exchange rate policy must promote the planned changes in financial processes, also in 1984. In the case of changes in foreign or domestic conditions--similarly to the other elements of the regulatory system--it must adapt with sufficient flexibility to the new conditions.

In loan policy, there was no significant change in 1984. It is in our interest that we make the greatest possible use of the loan possibilities assured by the international financial institutions through adequately prepared developmental plans. Domestic loan possibilities for this, at the proper time and to the necessary extent, are assured by the bank.

With respect to investment credits, the bank in 1984 continues in its efforts to lend money primarily for smaller, supplementary-type developments where the prospective profit yield is high and the existing strength is at an adequate level to permit the repayment of the loan within the shortest possible time.

Loans available for enterprisal investments--like in 1983--amount to 22 billion forints and the credit fund can be increased by 1 billion forints. In the interest of expanding the credit lending possibilities, the investment load contracts are being re-examined by the bank early in the year. In the case of investments where fulfillment of the indicators assumed in the contract cannot be expected, it can come to stoppage of payments, rescheduling or foreclosure of the existing loan. In cooperation with the enterprises and the guidance organs, the bank will continue this year to speed up the amortization of loans by enterprises the financial state of which makes it possible.

In 1984, a more flexible interest system was introduced where interest rates on loans are guided by the interest rates of the central bank (savings). (Currently, the central bank interest rate is the interest on long-term savings tied down--for 1-2 years--on the basis of a free decision by the economic organizations. Accordingly, starting 1 January 1984, the interest rate on bank loans becomes independent of the economic goal of the loan.)

In the case of short-term loans, the rate is the interest rate on savings deposited for a 1 year term (9 percent) plus the 4 percent interest gap, a total of 13 percent.

In the case of long and intermediate term loans, the rate is the interest rate on savings deposited for a 2 year term (11 percent per year) plus a 3 percent interest gap, a total of 14 percent.

The central bank interest rates are examined by the bank at least twice a year and it can modify them if needed; the interest gap remains unchanged for the duration of the contract.

The principles of revolving credit lending are not modified for 1984.

In connection with the reorganization of the institutional system of economic management, the further development of the financial institutional system was also raised. The concepts are aimed at reducing centralized intervention and increasing the role of enterprisal independence, of the market and of competition. The central bank function must be strengthened and the commercial banking activity must be improved.

During the years which elapsed from the 6th Five-Year-Plan period, the MNB loaned 28.5 billion forints for expanding the convertible currency export-commodity reserves, 8.2 billion of which was loaned during 1983. More than half of this was used by industry but the food economy also participated to a significant extent.

As a result of investments to expand export, according to preliminary data, export valued at about 1.1 billion dollars was realized, somewhat less than pledged in the loan requests.

In 1984, 7.4 billion forints can be lent for the above mentioned purposes. Nearly half of that is to finance investments for which World Bank loans are being assumed; these include the grain program started in 1983 the loans for which can be obtained by the agricultural plants on the basis of special competitive bidding.

The credit program for industrial (including the food industry) export expansion and structure modification is currently in preparation; this can likewise be coupled with a World Bank loan. The bank has already granted domestic currency loans to several investments of this type (for example, to the Knitted Wares Factory of Vac, the Knitted Wares Factory of Magyaróvár, the Wood Production Combine of Western Hungary and the Salami Factory of Szeged). Further loans will serve primarily to accomplish and finish investments already in progress. A modest amount to finance newly starting investments will be available.



Between 1981-1983, energy conservation loans were extended to industry and to the food economy in a total of 349 cases at a sum of 12.7 billion forints. (Nearly 3 billion of this was loaned in 1983.) The expected energy savings are quite considerable. This year, 3.3 billion forints are available for this purpose.

In response to the competitive bidding announcement for economical use of materials--by the end of the year--a total of 19 applications arrived 13 of which met the prescribed conditions. The sum of investment loans granted to these is below 1 billion forints and little of this was used by the enterprises last year.

For the goals of the governmental program aimed at the economical use of materials and the modernization of technologies, 300 million forints are available this year.

To utilize wastes and secondary raw materials, the bank gave loans to 33 enterprises so far--at a sum of 4.6 billion forints. This--and the individual resources of enterprises--are used to carry out 39 investments. Of the investments financed by the loans--between 1981-1983 and at a cost of 2.3 billion forints--30 investments have already been completed. The planned capacities--with the planned contents and within the budget projections--were duly built. Nine investments are currently in progress and their completion is planned between 1984-1985.

For 1983, the food industry assumed a surplus export amounting to 170 million dollars in convertible exchange and an import saving of 75 million dollars. In spite of the efforts made to counter the loss of commodity supplies caused by the draught, the export plan was not realized in its entirety, the default being 10-15 percent. Within this, however, the investments accomplished with loans have--foreseeably--fulfilled the contractually assumed dollar income.

Our foremost task is the fulfillment of the grain production and storage program. The over 300 million dollar program to be accomplished within 2-3 years is financed to about 40 percent by World Bank loans.

The Innovation Fund--on the initiative of the bank--was established in 1980. Its goal is to finance the conversion of products of Hungarian intellect into commercial goods or services on the basis of risk assumption. From the 600 million forint basic capital granted, about 370 million forints were distributed by the Fund by the end of 1983, about 100 million forints of which were already returned. As a direct result of the Innovation Fund activities, numerous new products have already appeared on the Hungarian market and several new agricultural and industrial technologies were worked out experimentally or were introduced.

The goal of the Enterprise Fund, established in 1983, is to service financing tasks which supplement the traditional lending activity (occasionally increasing its effectiveness) and promote the regrouping of resources on the basis of profitability. Contracts made with enterprises and cooperatives for use of the Fund amounted to 325 million forints in 1983. In view of the demand, the bank plans to increase the financing of the undertaking (by issuing bonds) and to further improve the quality of the activity (by circulating securities).

2473

CSO: 2500/200

## ACHIEVEMENTS, PROBLEMS OF STATE FARMS SUMMARIZED

Budapest NEPSZABADSAG in Hungarian 17 Jan 84 p 3

[Article by Andras Klenczner, general manager of the National Center of State Farms: "The Fruits of Selfmanagement in Our State Farms"]

[Text] Our state farms have accomplished complex tasks over almost three-and-a-half decades in creating the material and intellectual conditions of a socialist large farming system and in consolidating the young cooperatives, while they also raised continuously their standards of production. During the last one-and-a-half decade, using some progressive and useful foreign production experiences and the results of domestic research, they achieved outstanding results in many sectors. Their activities had a stimulating effect on national agriculture as a whole. It is a proof of the fortunate changes that occurred in agriculture that for some time past they have performed the tasks of production development and dissemination of their experiences in full cooperation with the strongest producer cooperatives.

The system of state farms includes 8 combines, 98 state farms and 16 experimental and model farms. The current task of the development of systematic industrial production and of the modernization of marketing activities is being performed by another set of 7 common or specialized enterprises. The state farms are tilling 10.5 percent of our country's cropland, i.e. almost one million hectares. In 1982 146,000 persons worked in them, producing with the help of fixed assets of a value of 68.5 billion forints a gross production value of 70 billion forints and earning 4.5 billion in profits.

The average size of the state farms exceeds 7800 hectares and the average individual production value of each of them is about 500 million forints. This makes it possible and even necessary to employ modern machinery and equipment and the ever more widespread application of modern production methods.

### Dissimilar Results

The production structure of the state farms differs due to their earlier start and the specific tasks assigned to them from the other large farming enterprises. The animal population is for example 30 percent larger in them than the national average. This means that they are breeding one-and-a-half times more cattle, four times more hogs and three-and-a-half times more poultry than the producer cooperatives on an area of comparable size. The proportion

of vineyards and orchards is also considerably bigger in the state farms than the national average or that of the producer cooperatives. These differences require, of course, inordinately large capital investment. The dissimilar production structure underlies also the fact that in case of the state farms, the production value per 1,000 forint capital is only 60 forints against the national average in agriculture that is 72 forints per 1,000 forint investment.

The economic efforts of the state farms designed to methodically modernize and renew the biological basis, sowing seeds, reproductive materials and breeding animals are influencing favorably our agricultural production as a whole.

Productivity shapes up differently in the various production sectors, depending on the natural, biological and technological conditions. In wheat growing, cattle, hog and poultry breeding our state farms are approaching or even reaching the international top standards. In other sectors, for example in potato and sugar beet growing and beef and fish producing the conditions for large scale production have been created only recently. The results are not yet favorable in vegetable and berry growing and sheep farming.

An important condition of efficient work is entrepreneurial self-management. We may say, with perfect confidence, that in the state farms this is not only a legal but also a financial and managerial possibility. A great majority of the financial and informative conditions for decisionmaking are available for the enterprise managements. Primarily those state farms have established good contacts with other farms and enterprises, creating new production systems and other cooperative undertakings, which have the highest production standards.

The 1983 production value of the large state farms surpasses, according to some provisory calculations, that of the previous year by 35 percent. Yet due to the weather problems the differences among the various sectors seem to be more accentuated than in previous years.

#### A Successful Accommodation

The yields in plant growing lag 8-9 percent behind the 1982 results, while animal husbandry raised its output by 5 percent. Ancillary activities have also shown improvement. All this means that most of our large farming enterprises have successfully adjusted themselves to the difficult circumstances.

Experiences show that those farms were better able to respond to the harder conditions of farming which had put emphasis on animal husbandry. And those which diversified their production pattern could easier overcome the difficulties. But those which stressed specialization had to deal with greater problems. For example, gardening among others yielded less than average profits.

Poultry breeders produced--in agreement with the market possibilities--less than they could have been able to produce. On the other hand, sheep farming became deficient. The state farms have lost 50 million forints in this area. This is a warning that in the future we should find cheaper ventures than what we had until now.

Plant growers were preoccupied almost all through the season of germination because of the drought. This has caused a decline in corn production and the growth of sugar beet has also been set back because of the lack of humidity. All these are, of course, reflected in the statistics; however it is also true that high-level technology and a careful selection of the species to some extent have mitigated the losses.

As a result of our experience this year we need to improve marketing. The sale of the commodities produced was influenced, more than it should have been, by external circumstances which are alien to our farming. We have delivered to the market more fresh consumer articles than ever before, yet public reaction was not entirely positive. Therefore we are compelled now to increase direct marketing by the producers, either individually or in cooperation with other enterprises.

For, the exploitation of our producing capacities is jeopardized by the narrowing marketing possibilities. This applies also in part to goods destined for export. In our experience the farming enterprises are still too isolated from the external markets, do not have a direct perception of the requisites of transportation and of the demands for quality and quantity. True, in the meantime a few trade offices have been established, which have tried to pave the way for the farmers within the foreign trade enterprises. However in our opinion the situation has changed very little. We think that part of the work of these offices is merely a formality devised to conceal the problems. Therefore, in my view, the parallel export licence for state farms and any other form of association that may make them more interested in the production of export goods, appears to be more advantageous.

#### With Greater Stake

Basic activities have always been strongly determinant for the management of the large state farms, and they will remain so in the future. However ancillary activities are acquiring gradually more scope and importance. They already provide one third of the total value of production. These activities include food processing that--so to say---extends the process of plant growing and animal husbandry and makes 50 percent of the total value of ancillary production. Last year the farms switched earlier than before to ancillary activities and this helped them find substitutes for their shortfall in income.

The activities of the state farms in support to small-scale production increased. Small producers, linked with them, have provided in 1983 goods for an approximate value of 2.6 billion forints. Small producers have their

way particularly in areas in which manual work is still predominant in production and where the advantages of quick changes in the production structure may be exploited.

It is a new development that we have leased some of our undertakings by contract to private applicants. Such a greater stake in the enterprise may contribute to an improvement of the professional performance of those involved. If the result of a work is not very different from the work processes, which determined it, we may fare better. This is not a negligible point of view in agriculture in which much time passes between sowing and the harvest. We want to assure greater individual interest in the results also in farming.

The system of self-accounting units expands rapidly. In these individual financial stake and the possibility for the collective to make its own independent decisions about progress are provided on all levels of production. The system of self-accounting was thus far only a sort of bookkeeping category, but it has become now, in the current more difficult economic system, really a factor of financial interest. We want to strengthen this trend in the future.

#### Justified Requirements

The 1983 profits of the large state farms are not expected to reach the 1982 level. The impact of the new regulator system, which is stricter than the previous one, plays a role in this. Yet we consider it nevertheless noteworthy that--despite the difficulties caused by the drought--the number of deficient enterprises is not expected to exceed 6 or 8, i.e. not much more than in 1982, when 2 farms slipped into red figures. And aside from this there is an upswing noticeable in several farms.

Able, newly appointed managers have often reorganized certain state farms within a relatively short period of time. During the last season the managerial positions were filled by competition in 10 state farms. Outsiders, experts coming from producer cooperatives and former employees of the guiding organs have frequently been appointed managers. These people in conjunction with the new generation of employees from the outside have made the management of these enterprises more efficient and this is reflected in the production results.

From the 146,000 employees of our state farms 7,000 are college-educated experts. Our manual workers usually consider the state farms as stable employers, since in addition to the high professional requirements their social benefits fully correspond to what a worker may legitimately demand from a large socialist enterprise. Professional training and schooling are often provided by the state farms and they have achieved thereby that 40 percent of their manual workers are skilled laborers and another 40 percent trained workers.

That the work and management of the state farms should be of high level in all respects, is a justified requirement. In the National Center of

State Farms we also pursue this objective by modernizing the methods of guidance. With great respect for the independence of the enterprises, the representation of their interests tends to be now ever more in the focus of our activities. In cooperation with our farms we are creating the conditions for efficient farming methods, for the application of specific production processes and for the shortening of the channels to the market.

12312

CSO: 2500/194

HUNGARY

BRIEFS

BABOLNA HIGHER GRAIN YIELD PLANS--This year the IKR [industrial-type corn-growing system] of Babolna plans to farm an additional 46,000 ha in accordance with its specialized grain-growing methods. The goal is for member farms to attain average yields of 7.1 tons of corn and 5 tons of winter wheat per ha on the 226,000 ha planted to corn and 211,000 ha planted to wheat. The IKR hopes to contribute 2.6 million tons to the national grain program. This amounts to one-fifth of the national grain production plan. [Excerpt]  
[Budapest MAGYAR HIRLAP in Hungarian 19 Jan 84 p 7]

CSO: 2500/216



GOVERNMENT PRICE CONTROL RULINGS FOR 1984 PUBLISHED

Official Fixed Prices

Warsaw RZECZPOSPOLITA in Polish 12 Jan 84 supplement REFORMA GOSPODARCZA p 1

[From MONITOR POLSKI 1983 No 43: "Official Fixed Prices, According to the PRL [Polish People's Republic] Sejm Ruling of 29 December 1983 Concerning the List of Goods and Services Covered by Official Fixed Prices"]

[Text] Based on article 7, paragraph 1 of the law of 26 February 1982 concerning prices (DZIENNIK STAW No 7, Item 52) it is ruled as follows:

Section 1

1. Official fixed prices will cover:

(1) consumption goods and services that determine the population's living cost and health care:

- a) bread, rye and wheat flours, macaroni, groats and cereals (except for corn cereal), rice, oatmeal, and barley flakes;
- b) meat and giblets--pork, beef, and veal, products derived from processing of these meats (except for prepared foods produced from these meats and giblets), as well as chicken covered by the central distribution system;
- c) back and leaf fats, pork lard, butter, and vegetable oils;
- d) milk for consumption and sour and sweet creams containing 9 and 12 percent fat;
- e) whole and skim powdered milk and dairy nutritive blends (lactovites);
- f) cheeses, cheese spreads, cottage cheese products unripened, ripening cheeses, and processed cheeses;
- g) Bobo-Fruit canned food and baby food for children up to 3 years of age--blended fruits and vegetables, nectars, juices, vegetable and fruit soups, and canned foods such as Bobo-Vita, gruel, and specialty foods;

- h) sugar;
- i) popular teas packaged in the country;
- j) coal and coal briquettes, charcoal, the delivery of heated water to apartments, and heating apartments with heat energy;
- k) conductor and nonconductor gas and electrical energy for home consumption;
- l) school and college books and basic school supplies such as notebooks, schoolbags, drawing books and their inserts, pencils, crayons, and clay;
- m) carbon tetrachloride for diapers;
- n) ready made medications, serum, and vaccines, as well as wound dressings covered by lists compiled by the minister of health and social welfare;
- o) transportation of persons and luggage by municipal public transportation;
- p) domestic transportation of persons and luggage by rail and public motor transportation (except for fares charged for sleeping space in cars);
- q) transportation of persons by means of inshore navigation;
- r) benefits offered by state social welfare establishments, orphanages for small children, kindergartens, preschool child care, child day care facilities, and overnight accommodations and hostels for school children and youths;
- s) tickets to films, plays, operas, operettas, symphonies, and other performances (except for tickets to variety shows, cabarets, and circuses);
- t) benefits offered by social health care establishments, such as hospitals and first aid-epidemic stations;
- u) services offered by individuals on behalf of social health care establishments, such as giving blood;
- (2) production means and services that determine production costs:
  - a) coal and coal briquettes and charcoal;
  - b) crude and heating oil;
  - c) conductor and nonconductor gas;
  - d) electrical energy;
  - e) timber and lumber;
  - f) cotton;
  - g) basic synthetic fibers--vicose, polyamide, and polyester rayons, as well as textile untextured and technological rayon; also, viscose, polyamide and

polyester fibers, staple fiber, and continuous filament, such as cotton and wool fibers, acrylate, and staple polypropylen fibers;

h) rubber and rubber latex;

l) new tires for trucks, machinery, equipment, and tractors;

j) buses, trolleys, streetcars, trucks, and road tractors with loading capacity over 1.5 tons;

k) wheeled, universal, and farm tractors produced by the Ursus Tractor Industry Association;

l) apatites and phosphorites;

m) metal ores and scrap metal--procurement and sale prices;

n) metallurgical iron and steel products (except for forgings, wheels, wheel bands, forged rolled rings, and rail junctions and accessories);

o) metallurgical nonferrous metal products and processed nonferrous metal products;

p) cables and conductors;

q) sulphur and sulphuric acid;

r) cement;

s) cellulose;

t) fertilizers and soil lime;

u) mid-albuminous fodder mixes, high-albuminous fodder concentrates, and mineral fodder mixes for cattle, hogs and chickens, as well as grains, ground grains, bran, powdered skim milk, fodder casein, and extracted meal;

w) domestic transportation of goods by rail and public motor and water transportation means;

z) services provided by medical equipment repair plants, medical technology plants, and construction-repair plants supervised by either local state administration bodies or the minister of health and social welfare;

(3) staple farm products procured by state economy units and imported--procurement and sale prices:

a) grain, except for millet and corn, as well as grain sowing materials;

b) butcher cattle, calves and hogs, as well as chickens procured within the framework of contracting;

- c) piglets and shoats from intervention procurement;
- d) cow milk;
- e) sugar beets;
- f) potatoes (except for early and seed potatoes);
- g) rape and oil-yielding rape (except for planting material);
- h) sheep wool;
- i) flint hide--cow, colt, and hog;
- j) tobacco leaves;

2. Official prices also cover the following:

- 1) raw alcohol--made from potatoes, grain, fruit, molasses, and beets; rectified alcohol (except for technological alcohol) and alcohol products (except those procured from the population);
- 2) tobacco products (except those procured from the population);
- 3) matches;
- 4) gasoline and diesel gasoline;
- 5) gold and other precious metals and their scrap;
- 6) mail and telecommunication services;
- 7) entrance fees to municipal parks, zoos, rest and recreation centers, public baths and municipal lavatories;
- 9) burial services;
- 10) compulsory examination and inspection of objects conducted according to separate regulations, such as technological monitoring, technological inspection of vehicles, and inspection of exported and imported farm goods;
- 11) state services for storing reserves.

Section 2

This law becomes effective on 1 January 1984 and will be in effect up to December 1984

## Controlled Prices

Warsaw RZECZPOSPOLITA in Polish 12 Jan 84 supplement REFORMA GOSPODARCZA  
pp 1, 2

[From MONITOR POLSKI 1983 No 43: "Controlled Prices According to the  
29 December 1983 Council of Ministers Resolution No 201 Concerning Goods  
and Services Covered by Controlled Prices"]

[Excerpts] Based on article 7, paragraph 2 of the 26 February 1982 resolution  
concerning prices (DZIENNIK USTAW 1982 No 7, Item 52 and 1983 No 71, Item  
318) the Council of Ministers rules as follows:

### Section 1

1. The list of goods and services covered by controlled prices is determined  
as follows:

- 1) goods and services whose manufacturing or rendering is individually  
subsidized by the state;
  - 2) staple consumption goods and services listed in the appendix 1;
  - 3) buildings and construction contracted for without bargaining;
  - 4) goods and services manufactured (rendered) domestically that constitute  
production means listed in the appendix 2 of the resolution;
2. Goods listed in paragraph 1, point 2 cover domestically produced goods  
and imported food products listed in part 1 of appendix 1 of the resolution.

### Section 2

The resolution becomes effective on the day that it is announced and it will  
be effective until 31 December 1984.

### Appendix 1

The List of Staple Consumption Goods and Services Covered by Controlled  
Prices:

#### I. Food:

1. salt water fish and its products
2. late eating potatoes

#### II. Light industry products, knitted and stocking goods:

3. knitted clothes for persons up to 15 years of age (except for clothes made  
with 100 percent wool)

4. knitted underwear for persons up to 15 years of age (except for bathrobes and Safari-type shirts)
5. stocking goods for persons up to 15 years of age
6. fall-winter overcoats
7. spring-summer overcoats
8. jackets
9. wool and imitation wool clothes containing up to 60 percent wool for persons up to 15 years of age (except for lounging jackets)
10. woven underwear for persons up to 15 years of age (except for underwear made of natural silk, Safari-type shirts, and bathrobes)
11. Diapers made of fabric and disposable diapers

Products of Leather and Rubber Industries:

12. footwear with leather uppers or uppers made with man-made materials for children up to 4 years old, babies, toddlers, and young children
13. footwear for kindergarten and school-age children with leather uppers and soles made of man-made materials, or with uppers made of man-made materials, as well as rubber footwear and textile vulcanized footwear
14. footwear for the elderly with textile upper and leather soles or soles made of man-made materials

Health Care Products:

15. health care products for use in market turnover and supplying health care services; covered by lists compiled by the minister of health and social welfare (except for those listed as goods and services covered by official prices)

Glass Products:

16. glass bottles for babies with a scale

III. Timber Industry Products:

17. furniture used in schools and kindergartens
18. caskets (except for metal caskets)

IV. Other Non-Food Articles. Paper Industry Products:

19. paper pads

20. Eyeglass Lenses

21. Orthopedic rehabilitation and prosthetic products

V. Services

22. services rendered by health care establishments and facilities at rest centers regardless of their affiliation

23. social tourism services, such as state-run employee vacations and camps for school youths

24. transportation of persons and luggages by taxi cars and luggage taxis

Appendix 2

The List of Goods and Services Produced (Rendered) Domestically and Constituting Production Means:

1. heat energy delivered by state producers and distributors
2. machinery, equipment, tools, and farm trailers (except for forest management)
3. nitric acid
4. sodic tripolyphosphate
5. calcined and dense sodas
6. sodium hydroxide (caustic soda)
7. titanium white
8. pesticides
9. seeding material for grains, rape, oil-yielding rape, seed potatoes, and seeds of leguminous coarse-seed plants, such as peas, small beans, lupine, soya beans, and kidney beans
10. farm animals and cattle, such as bulls, boards, rams, and stallions for breeding, as well as heifers, gilts, breeding sheep and sows, and calfs for further raising
11. services pertaining to animal production, such as laboratory studies, transportation to veterinarians, and transportation of animals by means at the disposal of veterinary establishments
12. services pertaining to plant production

REFORM COMMISSION LASHES OUT AT 'WAGE EXPERIMENT,' ANTITRUST BILLS

Warsaw ZYCIE GOSPODARCZE in Polish No 51-52, 18-25 Dec 83 p 4

[Article by Tomasz Jerioranski: "No Illusions"]

[Text] The agenda for the 14 December 1983 session of the Committee for Economic Reform Matters concerned the drafts of two important documents: the antitrust law and the law governing the remuneration of employees in the socialized enterprise sector insofar as reform implementation is concerned, in short designated as the law on wage experiments.

Work on the first of these drafts began in January 1983 and was carried out openly (we frequently publicized its progress) by two committee groups, headed by Prof Ludwik Bar and Prof Janusz Goscinski. The first and still imperfect, in the author's opinion, draft law directed toward a preliminary evaluation by the committee plenum emerged after many months of discussion by well-known economists, lawyers, scholars, and those with practical economic experience.

The anonymous wage draft law was created in the tranquil environment of the ministerial offices without specialized committee agenda participation, and before it was able to reach the committee forum it found itself in the Sejm as an official government proposal, which should be implemented in the new year. Judging from the progress of the discussion it was apparent that the draft was far from perfect.

In reporting on the anonymous draft, Prof Janusz Goscinski stressed that "the law is sensible only insofar as it represents an antitrust instrument for economic policy, because in a socialist system it is the state organs which represent the monopolistic sources." Assuming that without a real antitrust economic policy the statute will merely represent a dead law, the second committee group initially developed antitrust policy premises and finally, within this context, the draft law.

Prof Goscinski continued by noting that the law is based upon the realistic premise that the mere existence of monopoly is not reprehensible and should not be forbidden by our laws. On the other hand, it is those practices which take advantage of the monopolistic situation which should be censured and opposed by the law, since it is the consumer who ultimately becomes the victim of such practices.



In addition, the major point of the law is aimed at activities dependent on taking advantage of the (dominant) monopoly situation, and the promotion of competition only represents its secondary objective. Prof Goscinski remarked that protracted and sharp disagreements continued during the formulation of the order of the law's objectives, with some people believing that the law should primarily safeguard competition. How can one protect something, however, which in fact does not exist? This can only be promoted by prohibiting specific practices.

Dr Irene Wiszniewska, a member of committee group 10 (Prof Bar's group) and author of the law, presented some legal solutions. Two solutions appear to be rather crucial: abuse of one's dominant position and agreements governing the restriction of competition.

Manifestations of abuse of the terms of the proposed law include the setting of prices, margins, and commission fees on a relatively higher level than the prices, margins, and fees set by competitors for the same or similar commodities, or earnings from profitable exports; the imposition of burdensome agreement terms without justification; the refusal to conclude an agreement or terminating it without justification; subordinating the conclusion of an agreement to the contracting party's consent to something which it would not have agreed to having had freedom of choice (a binding transaction); obligating the contracting party to carry out exclusive transactions; renunciation of innovative activities despite existing demand; limiting production or maintaining it on an unchanged level in face of unsatisfied demand and production capabilities; increasing or maintaining unit costs on a higher level.

In the section concerning agreements which limit competition, the proposed law determines that such agreements are unimportant among units which do or can compete with each other, or which lead to price agreements (margins, fees) or market division. Then the agreements, which introduce a specialized range of production or sales, restrict the volume of production or sales, anticipate joint sales or purchases, and establish terms other than those agreed upon, require written preparation and submission to the Antitrust Office under penalty of invalidation.

Throughout the discussion, with the exception of one person, no one questioned the logic, objectives or demands of the antitrust law. In general, however, various solutions were discussed, which is understandable considering that the subject of regulation is, if one can say, very unstable and not easily given to unequivocal legal formulas. It was rather widely proposed (by Jerzy Albrecht, Stefan Jedrychowski, and Czeslaw Bobrowski, among others) that during future work on the law it should be devoid of all elements which had created the impression that the law would assist in the stocking of store shelves and lowering prices.

In addition, doubt was expressed in certain comments regarding the usefulness of the law under the current rather unstable economic conditions.

Minister Wladyslaw Baka noted that under very unstable conditions the law would be unable to accomplish anything on its own, but would necessarily constitute an element of the legal reform system, and as such represent an element whose scope and practical significance would increase with time.

Prof Jozef Popkiewicz was one of the participants who was unequivocally opposed to the law. Quoting V. I. Lenin's statement that "communism represents the authority of the councils plus the state monopoly," he expressed the opinion that monopolistic practice represents a natural development process which favors economic efficiency. In no other socialist nation is there a similar law (author's comment: this is erroneous, since antitrust regulations are in force in Yugoslavia and Hungary), while capitalist nations do not have regulations but rather market laws or market problems which counteract monopolistic practices.

Prof Jerzy J. Wiatr engaged in polemics ranging from doubts on current implementation of the antitrust laws to totally ruling out the importance of the laws.

He ascertained that the economic arguments presented were entirely unconvincing and from the political point of view totally unacceptable. The antitrust law is essential precisely for political and psychological considerations, a law which will relieve the individual of a frustrating feeling of helplessness when dealing with the monopolistic structures.

The proposed wage experiment law was discussed next, and the minister of labor, wages and social affairs reported on some of the proposals. However, shortly after the beginning of the most crucial discussion, Minister Stanislaw Ciosek, who had earlier sat in on a 3-hour antitrust law discussion, excused himself and left the room, returning shortly after when the plenipotentiary was summarizing the discussion. It is a pity that the minister's absence from the room was not taken into consideration when the order of the meeting topics was drawn up.

Briefly speaking, (we will return to the matter in ZYCIE GOSPODARCZE during the Sejm activities) the proposed law allows for (or rather orders) the establishment of a wage system in the enterprises which would avoid the former obligatory collective agreements or Labor Code regulations. The condition governing the implementation of such a system demands agreement by the work force, expressed during negotiations between the trade union on the one hand and the enterprise management or self-management groups on the other. In addition, by not proposing higher wage scales the law stipulates certain parameters which must be justified by the establishment of tables (for example, extra pay for night shifts, for overtime hours, for work under hazardous conditions, retirement pay, and operational supplements).

Minister Ciosek stressed that the goal of the proposed law is to establish highly differentiated wages according to the criteria of usefulness to the enterprise and "removal of charity from the wage scales." He continued by saying that we cannot afford to distribute money or to continue to consider

wages under social categories. If an enterprise wishes to pay one employee more, then it has to pay another less. Economic laws should deal brutally with wage matters, whereas the minimum social level criteria must be applicable only to the unemployed.

Prof Zofia Morecka and Prof Stanislaw Borkowska launched a particularly vehement attack upon the proposed law. Their arguments chiefly concerned the fact that such a law could not be proposed considering the nonexistence of the general principles governing state wage policies, among others, tariff classification and output value, indexing, methods for establishing wage funds, etc. If this is to be an experiment then its principles must be better developed, and their scope narrower and experimental in form. But, if this law were to be transformed gradually into a universally obligatory law exclusive of the formulation of general principles governing wage policy, then it would result in subsequent failure. Prof Borkowska emphasized that it would be impossible to undertake experiments on the internal ordering of wages without first settling basic matters. The center cannot have the enterprise do its work.

Moreover, it was stressed that the law is too general and in practice transfers all the specifics to the executory act, and in Prof Mujzel's estimation there are at least 13 ways of interfering in the policies of an independent enterprise; that mining and energy are exempt for unjustified reasons; that it is much too easy on the Labor Code and collective agreement regulations; and that its legal structure is much too weak and will cause numerous future conflicts (Prof L. Bar).

Director Pawlowski of the Ministry of Labor, Wages and Social Affairs argued over the merits of the accusations, but he agreed with the comments regarding the poor legislative quality of the draft. He also added that it had somehow managed to get through the URM [Office of the Council of Ministers] Legal Bureau.

In summarizing the discussion, Minister Baka expressed regret over the fact that the committee had relinquished its control over wage issues, and proposed that the group 10 committee carry out an exhaustive legal study of the project. In considering the doubts under the slogan "a voluntary experiment, or general and obligatory principles," he determined that the adopted solution is better for psychological reasons. We gave the enterprises the freedom of decision and as a result we are not risking anything ourselves. If, however, we were to require everyone to implement the law, then we would arouse great public opposition, even among those who are our potential allies under the current formula. No one should have any delusions that this law will solve all our problems, but it will give us 2 years for solid preparation of the principles governing the wage policy under reform conditions.

12229

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COLOR TV TUBE PLANT SCRAMBLES TO SHED 'WHITE ELEPHANT' IMAGE

Warsaw POLITYKA in Polish No 4, 28 Jan 84 p 6

[Article by Jerzy Baczynski; material enclosed between slantlines printed in boldface]

[Text] With regard to the POLKOLOR plant, things are as quiet of late as they are with regard to the Katowice Works. This showy investment from the 1970's no longer gets up the ire of society. Who cares about color televisions today? Of what importance is it who decided to build the gigantic picture tube production plant and why? It was made; it is forgotten. If there ever was any kind of major or minor "POLKOLOR affair," it fizzled out a long time ago. All that is left is the factory.

The construction of the Color Televisions Tube Plant in Piaseczno ate up 9 billion zlotys in old currency and over \$120 million. It was to be the basic installation of the "color television industry." So it was said at the time. It was announced that we would produce 600,000 sets (OTVC) per year, and POLKOLOR was equipped to handle this volume. Unfortunately, there was no money for the auxiliary investments and the industry today resembles a dwarf with a large head. The head rests upon an American license, while the torso is Polish. What does it matter if we have a big picture tube production plant, if /we have nothing from which to make television sets?/

Last year, the two OTVC installation plants in Poland--the Warsaw Television Plant and the Gdansk UNIMOR--bought somewhat less than 100,000 picture tubes from POLKOLOR. In order to build more sets, investments had to be completed in subassembly factories or ready-made elements had to be imported. Practically speaking, neither is possible. Color television lost its importance and its powerful advocates. Moreover, the reform created an elegant sort of pretext to get us out of the business: give, dear ones, but you are on your own. The dwarf already knows that he will not grow taller.

The new management of POLKOLOR had to decide what to do with its elegant factory. Should it produce as many picture tubes as domestic industry orders? The danger here was that only 10 percent of the factory would be used and the income generated would scarcely pay the light bill. And how would the debt of 9 billion zlotys be repaid? Where was the money to be gotten to import materials and pay employees? A risky solution, that did give the factory a

chance, however, was chosen: production was to be increased and the surplus picture tubes were to be shipped abroad.

The problem was that the plant was not prepared to earn foreign-exchange on its own. The picture tube licensed from RCA was found to be obsolete even as the production plant was being built. At most we could expect to sell the picture tube glass in the West. Fortunately, we found customers in CEMA countries. Hungary and Bulgaria were even ready to turn over to us a part of the foreign-exchange outlays that were indispensable to produce picture tubes.

In 1982, 180,000 picture tubes were built at ZKK [Color Picture Tube Plant], including several tens of thousands going for export. True, the enterprise warehouses contained a surplus of 60,000 unsold units, but by comparison with the previous year, when POLKOLOR produced less than 40,000 picture tubes, progress was evident. It seemed that the factory in Piaseczno was on the right track, when suddenly, there occurred / an unfortunate quality-control setback./ It was the first danger sign.

In December 1982, a Hungarian consignee questioned a shipment of picture tubes that had been received. The tubes leaked. An immediate investigation revealed that the defect occurred when the screen was glued to the glass cone. Before the glue was applied, the corners to be joined should have been cleaned and washed carefully. Previously, one man was responsible for this. He cleaned the surfaces to be glued with a swab dipped in alcohol. But when production rose four-fold in the course of a year, the "swabber" could no longer keep up. Thus, the suspicion arose that there could be more defective tubes. Thousands of picture tubes in warehouses were checked. Twenty percent were found defective, but several thousand faulty tubes had already gone to customers. Soon, a run of bad picture tubes was found at JOWISZE. The factory was forced to extend the guarantee on picture tubes produced in 1982 by 6 months. The consequences of this continued through all of last year. About 10,000 picture tubes valued at 300 million zlotys had to be removed from sale to resolve complaints. The "swabber" was replaced by a special piece of equipment for washing the screens.

On the whole, however, the results of the first year of the reform were not bad. Due to the high market price set for picture tubes, the factory staved off the threat of bankruptcy. The burden of keeping the plant going was shifted to the backs of the customers. Moreover, this was done without any particular moral resistance. If in a crisis someone buys himself a color television, this means that he is not a poor man. In 1983, the management announced that it would produce 240,000 picture tubes, and if the orders amounted to more than this, they would even make 350,000.

Unfortunately, from January to June, production declined from month to month. Andrzej Rzyso, vice director for production affairs, blamed it on BIAZET. He said: "BIAZET supplies us with deflecting coils and magnets. They were to supply us with 175,000 coils, but only sent 70,000." A Rzyso believes that it is a swindle, not merely a matter of amounts. For example, in August 1983, of the 14,000 coils supplied from Bialystok, 11,000 could not be used. A similar situation occurred in October. This forced POLKOLOR to make an

intervening purchase of 17,000 coils from Italy. Without this import, the production of picture tubes would have been reduced by more than a half-million zlotys.

"And so, because of BIAZET we lost about 300 million zlotys in profit," says Jerzy Bilip, chief director at POLKOLOR.

The first half-year finished badly. Only 56,000 picture tubes were built, although in theory the factory could have made up to 250,000 during this period. To add to the problems, a breakdown occurred in a pneumatic system used to press highly poisonous barium carbonate (POLITYKA, No 29, 1983). The poison spread beyond the plant area to the surrounding strawberry garden plots and plantations. The factory area was surrounded by a sanitary cordon. A case was made of this all over the country. A. Rzyzko claims that the initial assessments of the effects of the breakdown were highly exaggerated. Fortunately, nothing happened to anyone. However, this did not improve the atmosphere that surrounded POLKOLOR. The ill feeling caused by that accident continues until today. Hence the indecision regarding the import of barium carbonate from Rumania. While the chemical parameters are good, there is the fear that the excessive humidity will once again plug up the system. But not everything can be imported for dollars...

Director Rzyzko assumed his position at POLKOLOR several months before, when it seemed that nothing would save the plan. According to him, the workforce received him with irony. Apparently it was going around the plant that: "there is Stubble [Rzyzko] but no harvest." The director set his mind to dispelling the discouragement, the indifference and the lack of trust of employees. He decided to /use money/ for this purpose.

The new incentives system has been in effect at POLKOLOR for a half-year now. It first went into effect at the glassworks and then went to the picture tube assembly plant. "Initially, the money did not get back to the workers, because the unfortunate BIAZET held us by the throat... It was only when employees began to receive 20,000 or 25,000 zlotys that the noise started."

"What is the basis of the system? Let us use the example of the yam. The yam is a piece of American equipment for adjusting picture tubes. Those that work with this equipment are called "yammers" in Poland. A yammer received a specific amount for every picture tube he adjusted. Now we use a progressive system of work by the job. For example, if he adjusts 40 pieces, he receives the basic rate, but as he passes each subsequent limit---40,50,60--he receives a higher rate for the whole. If he adjusts 70 tubes a day, his earnings may be as high as 40,000 zlotys per month. In this way we become competitive for a radius of 100 km, including in this Polonia firms and privateers. At one time the yammers were our bottleneck, but now they fight over getting work. Of course, such a system may lead to a reduction in quality. For this reason, if the inspectors find that a tube is assembled improperly, we dock the yammer for three good ones. We also dock the inspector if he sends a good tube to be repaired, for there have been cases of envy, or sheer ill will."

"Money determines awareness," Director Rzyzko reiterated. "When we allowed supervisors to earn 28,000 to 30,000 zlotys legally, suddenly some things became possible."

The director shows me something that he believes to be an effect of the new incentives system: October--19,000 tubes, November 27,000 tubes and December--28,000. Such monthly results are unprecedented in the history of the factory. And he reminds me that at the end of the year, the factory was mainly in production of a new type of picture tube--the 701X, very labor-intensive.

The fourth quarter would be still better--they say at POLKOLOR--if we had not had other misfortunes. We observed that the process of producing shaded screens (a sort of strainer with 300,000 holes) was breaking down. This was partly our fault, but it was also the fault of the capitalists that supplied us with bad materials. They ruthlessly take advantage of our payment problems. They know that as a rule we buy at the last minute, when production is dropping, so they put us in a corner. If we complain, of course they will take this into consideration, but we will have to close the factory for the interim. Unfortunately, they have us in the palm of their hands.

The breakdown of the tank for melting glass had considerably more serious consequences. The tank was planned for repairs during the third quarter, but it was hoped that somehow it would last until the beginning of 1984. It did not. Leakage was noted in November and the equipment had to be put out of service. It took a few weeks to repair, but upon being heated once again, the tank (actually a large oven) began to swell dangerously. It swelled up in the very places where we had used domestic materials out of thrift. The tank breakdown prevents the implementation of an order from France for 150,000 screens. This is a real shame, for the /factory itself must earn foreign-exchange/ for its upkeep.

At the current level of picture tube production, POLKOLOR needs several million dollars a year to import various kinds of materials. By exception, the bank agreed to allow the enterprise to retain all of its foreign-exchange income from export. As yet, the state is not demanding anything more from ZKK but that it no longer ask for a government handout. Last year, POLKOLOR sold about 150,000 picture tubes abroad, primarily to socialist countries. More than 100,000 tubes went to Hungary. In 1984, we will export 250,000 picture tubes. Director Bilip believes that this is definitely too many.

"We must export, for in the first place, otherwise we would have no foreign-exchange for import, and in the second place, without export the plant would be doomed to utilize less than one-fifth of its production capacity. But sometimes the system of the clearing of accounts calls the profitability of export into question."

Thus, the domestic purchaser of a color picture tube covers entirely the costs of factory maintenance, including the repayment of indebtedness (about 5,000 zlotys on every picture tube goes for this purpose). One has the option of not buying one--/a television is a good luxury./

POLKOLOR needs foreign-exchange, but since it cannot survive on export, it is interested above all in earning zlotys. That is why the picture tube plant has begun to produce televisions.

Within the framework of a so-called barter transaction, for two picture tubes we receive from the GDR and Hungary a subassembly kit for assembling the Colorett and Videoton OTVC. In a separate part of the shop, a small assembly room has been set up. Every POLKOLOR employee is free to participate, and after work hours to earn 150 zlotys each for each set he assembles. A competitive worker manages to make several dozen sets in a shift. Both sides profit by this. In exchange for three picture tubes, that the domestic industry would not sell anyway, plus 150 zlotys, a television is produced that sells easily for 136,000 zlotys. Last year at POLKOLOR, 6,500 Coloretts and Videotons were assembled and this year 20,000 sets will be made. This is no drop in the bucket: the value in zlotys is 2.7 billion.

Director Waszuk, who is responsible for technical matters, cautions that POLKOLOR does not intend to compete with WZT [Warsaw Television Plant], but only aims at some diversification of the market and at earning some money. The new incentives system works, but it costs.

In 1983, wages at POLKOLOR rose by one-third. In recent months, the average wage was about 17,000 zlotys. Says Director Bilip, "For those that are to grow, there must be money. Such is the logic of the reform. In 1983, we increased sales by 70 percent. This year we plan to double the production of picture tubes. Yes, there have been accidents, but for the first time people believe that they can make a living at this plant. True, the period of prosperity has only lasted about 2 months, but it is already clear to me that we will not allow ourselves to go under. And if the scale of production increases, perhaps we will even lower the price of picture tubes."

Director Bilip locked his office and set off for his vacation--the first one in 2 years.

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## BRIEFS

PZPR CAUCUS AT 'NOT'--The contributions being made by professional associations of scientists and engineers toward the fulfillment of the goals set forth in the resolution of the 14th Plenum of the PZPR Central Committee was the subject of discussion at a meeting of the caucus of PZPR members serving on the Main Council of NOT [Naczelna Organizacja Techniczna--Chief Technical Organization]. It was acknowledged as being especially important that energies should be focused on new product development, design, and engineering activities and on problems associated with efforts geared toward the conservation of fuels and raw materials and upgrading the quality of products based on indigenous design work and indigenous fabricating and raw materials. The meeting was attended by the director of the Economic Department of the PZPR Central Committee, Stanislaw Gebala. [Text] [Warsaw RZECZPOSPOLITA in Polish 2 Feb 84 p 2]

COMPUTER PLANT FIRE--on Sunday 12 February on the premises of the "Elwro" Electronic Equipment Plant in Wroclaw a dangerous fire broke out in the computer subassemblies and peripherals department. Six fire brigade companies and two special units took part in the effort to extinguish the blaze. It took 5 hours to put out the fire at "Elwro." According to the initial findings which were made, the fire was caused by welding work associated with the installation of electrical service equipment. The damage incurred was estimated to be in excess of 3 million zlotys. A special committee has been appointed to investigate the causes and consequences of this fire. [Text] [Warsaw TRYBUNA LUDU in Polish 14 Feb 84 p 8]

BAKA, PLANNING COMMISSION MEETING--On 14 February the government commissioner for economic reform, Minister Wladyslaw Baka, met with the party aktiv of the Planning Commission of the Council of Ministers. The discussions held during this meeting focused on prerequisites for the implementation of the economic reform and on problems associated with the better and more effective harnessing of economic and financial mechanisms and instrumentalities with a view to the realization of established social and economic goals. [Text] [Warsaw RZECZPOSPOLITA in Polish 15 Feb 84 p 2]

CSO: 2600/654

## ROMANIA

### IMPROVED PRODUCT QUALITY, BETTER USE OF RESOURCES URGED

Bucharest ERA SOCIALISTA in Romanian No 23, 10 Dec 83 pp 22-25

/Article by Dr Eng Victor Calcan: "Higher Technical and Qualitative Standards for Products and Better Use of Material and Energy Resources as Major Economic Objectives"

/Text/ Nicolae Ceausescu said, "In the present state of the world economy, when we must cope both with the difficulties caused by the economic crisis and with very keen competition, we must make every effort to make Romanian products competitive technically and in quality with any comparable products in the world."

Efforts must be concentrated on finding technical-scientific measures to considerably reduce energy inputs and the effects of all factors that are now contributing to the growth of those inputs, especially in the case of the sectors, sub-sectors, product groups and activities with large shares in the total energy consumption, both directly and indirectly (through use of energy-intensive products and the heavy inputs they necessitate in operating equipment, buildings etc.). To this end, the measures specified in the Program for More Pronounced Growth of Labor Productivity and Improved Organization and Standardization of Labor in 1983-1985 and on to 1990 include many ways of improving the existing technologies and introducing and expanding modern technologies in the main energy consuming sectors, which technologies are to show major gains in labor productivity while lowering the energy inputs per unit of output.

It is also important to note that with limited material, financial and human resources the research and investment efforts must be concentrated primarily in the areas where great energy savings can be made in terms of absolute values. A few criteria can be mentioned here that I think should be used in determining those priorities. The first one is the percentage of energy that can be saved through the potentials of technical progress for lowering the energy inputs according to the characteristics and conditions of the various processes and especially the industrial ones. The second one has to do with the amount of energy consumed. Clearly where there is a choice between saving 1 percent of the energy used in a kind of process that consumes 500,000 tons of conventional fuel a year or saving 10 percent of the energy provided for a process consuming 10,000 tons of conventional fuel, the research and investment efforts must favor the

former in order to save 5,000 tons of conventional fuel compared with 1,000 tons in the latter case. The third criterion is the kind of energy resource conserved, since priority must be given to conserving petroleum products. The fourth is the extent of the material, manpower and financial investment required in order to make maximum savings in energy, because much as one would like to conserve energy, no more can be spent to save a ton of fuel than it costs. And the last but not least important criterion takes account of the qualitative effects upon production, the ecology and living and working conditions, since in general scientific research and technological development must proceed from the premise that no energy conservation measures are suitable or justifiable that appreciably impair product quality (thereby increasing energy inputs in other sectors), lead to environmental pollution, etc.

Determination of the criteria for research-development priorities in reducing energy consumption is a far-reaching question involving many fields. The foregoing comments are intended to bring out the necessity of more regular attention to determination of those criteria in order to obtain maximum energy for the national economy with the existing material, manpower and financial resources. In that way scientific research and technological development will make an important contribution to fulfillment of the major obligations they have to the economy and Romanian society as a whole to conserve and make more efficient use of energy as a prerequisite for progress under contemporary world conditions.

Construction of a modern, competitive, dynamic and highly productive and efficient economy depends upon continuing technical and qualitative improvement of the products and better use of the material and energy resources. To best meet that essential requirement, the Program for Technical and Qualitative Improvement of Products, Reduced Consumption of Raw Materials, Fuels and Energy, and Better Use of Raw Materials and Materials in 1983-1985 and on to 1990 was drafted at the suggestion and under the direct guidance of Party Secretary General Nicolae Ceaușescu. The program, which was discussed and unanimously approved by the Plenum of the CPR Central Committee of 14-15 November 1983, is vitally important to Romania's economic and social progress. As an integral part of a series of actions and measures adopted in accordance with the decisions of the 12th Party Congress and the National Party Conference on intensive development of the national economy in the present stage, when the qualitative factors of effectiveness play a predominant part in the strategy of economic growth, the program specially emphasizes improvement of the manufacturing structures and of the technical-structural characteristics of the products, leading to considerably more intensive use of the material and energy resources, reduction of the material outlays, more efficient production, and the greater competitive power of Romanian products on the foreign markets.

Since maximum use values must be obtained with minimum outlays, the program takes an overall, comprehensive approach to the problems of product quality by logically integrating the technical, economic and social aspects of product quality and restructuring the interdependences among the activities of design, management of resources, and quality control. Product quality in the modern sense cannot be treated solely in direct reference to the quality of the design, of the technical manufacturing specifications, and of the manufacture itself without considering other important aspects of quality such as conservation of resources (minimal inputs of raw materials, materials, energy and manpower in the manufacturing

processes, with maximum recovery and reuse of resources), selling points determining competitive power (the products' performances, lifetimes and safety and economy in operation), effect upon an environment (pollution levels), and the humanitarian aspects (quality of life, public health, social education etc.).

Note also that the program calls for a whole system of quality control over the entire design-manufacture-operation cycle: in research on and design of technologies and products, which are the preliminaries that actually determine the effectiveness of all that is to be accomplished in production and operation, because consideration must be given to the latest advances of world science, engineering and technology; in the processes of manufacturing the products, in order to achieve unexceptionable conformity with the specifications; and in operation, in order to prolong the lifetimes of the products and to lower the costs of operation, maintenance and repairs. Accordingly product quality is one of the most important manifestations not only of creative ability but also of the levels of technological development of industry, technological discipline and the attitude toward work. We must bear in mind that a perfect design can be compromised by improper manufacture, lack of technological discipline, or poor quality control over the operations or products, that irreproachable manufacture coupled with the most demanding control can never remedy defective design, and that improper operation nullifies both the quality of the design and the standards of manufacture.

Quality control is also aimed at widespread promotion of modern methods of analysis permitting rationalization of the outlays on quality in order to bring it up to and maintain it on the highest possible level, such as value analysis, cost-profit analysis, technological forecasting, technological evaluation, etc. It is also planned to introduce some quality indicators for manufacture of parts, subassemblies, and semifinished and finished products upon which to base a mechanism for heightening the workers' sense of responsibility for product quality.

In determining the program's objectives as well as the measures to secure the planned technical and qualitative enhancement of the output and better use of raw materials and materials in the main sectors and product groups, consideration was given to the present stage reached in Romania as well as recent world progress and the evident trends for the following periods in every field. In view of the highly dynamic character of the qualitative and technical standards of the products, it was decided to update the provisions of the program as new developments appear throughout the world in the products that may concern Romania. This lends a dynamic and constantly current character to the program itself.

The radical improvements in the technical and qualitative standards of the products, in the use of material and energy resources, and in labor productivity have profound technological implications, especially for the technology of managing the production processes. The measures in the Program for Technical and Qualitative Improvement of Products and Better Use of Material and Energy Resources are firmly based upon internal forces and the contribution of scientific research and technological development, in keeping with the programs and long-range technological forecasts developed under Academician Dr Eng Elena Ceausescu's direct supervision by the National Council for Science and Technology jointly with the ministries and other central organs and with the extensive cooperation of the industrial centrals and specialists in enterprises and the research and design units.

An extensive collective effort in the way of information, in-depth technical-economic analysis and decision making was required in order to develop and finalize the program. About 11,300 main products and product groups were analyzed, and especially exports, which amount to 76.4 percent of the 1983 gross industrial output, and a great many specialists in research, design and production in centrals and ministries were involved in the analysis.

The Program for Technical and Qualitative Improvement of Products, Reduced Consumption of Raw Materials, Fuels and Energy, and Better Use of Raw Materials and Materials in 1983-1985 and on to 1990 specifies a number of essential objectives spaced over the 1983-1985, 1985-1987 and 1987-1990 periods. General technical and qualitative improvement of products through intensified redesign and modernization of the products in current manufacture, improved design of products being assimilated, and enlargement of the manufacturing assortment through assimilation of highly technical products are a first objective. Of course efforts will be primarily concentrated on the products that are in manufacture but not yet up to world standards of quality, for purposes of considerable improvement of the technical and operational parameters that will enhance Romania's export potential.

The very rapid gain in the proportion of products up to high world standards is noteworthy. The increases set by the program for the end of each stage are about 69 percent in 1985, 84.6 percent in 1987, and 95 percent in 1990. Moreover 2-5 percent of the products that will be manufactured are planned to be above world standards of quality by 1990, and by 1984 all export products will have technical-operational and reliability parameters on the world level so that by the end of 1985 practically all the products manufactured in the economy will at least meet the present average world standard of quality. The foregoing figures indicate the extent of the scientific and technological effort required in order to attain this objective of vital importance to development of the national economy.

Increasing the competitive power of the export products, thereby augmenting the export of Romanian products with advanced processing and high efficiency, is a second objective. Better use of the raw materials and materials incorporated in the export products will have to conform to the levels in the program. Thus 10 percent more of a ton of raw material will be used on the average in 1985 than this year, 18 percent more in 1987, and 25 percent more in 1990. Of course this means a generally higher proportion of design work and processing in the value of the products.

Note that manufacture of the products to be above world standards requires a considerably greater quantity of results of scientific research and technological engineering and patents on Romanian inventions incorporated in the technical procedures, in the manufacturing technologies, and in the finished products in order to secure the real priorities on their sale on the foreign markets.

Expanded mechanization and automation in all industrial sectors is a third main objective of the program. It is aimed especially at the labor-intensive sectors so that they may reach the levels of effectiveness and productivity specified in the Program for More Pronounced Labor Productivity Growth and Improved Organization and Standardization of Labor in 1983-1985 and on to 1990.

More pronounced growth of labor productivity in 1984-1990 is also to be obtained by the measures to implement and expand technical progress by using more and more

machines and completely automated production lines. Of course the automation means, including manipulators, microprocessors and industrial robots, will be introduced on the basis of in-depth technical-economic analyses providing for a high economic effectiveness in keeping with the tasks of improving product quality, lowering material and energy inputs and increasing labor productivity.

A fourth objective is to lower specific consumption of raw materials, energy, fuels and materials as well as imports through increasingly extensive use of domestic raw material and material resources, more intensive exploitation of internal mineral deposits, assimilation of new materials, use of recovered materials, and expanded use of substitutes making for more efficient production. According to the program, the inputs of raw materials, energy, fuels and materials will increase less than the industrial output will.

It should be noted that the extremely broad field of recovery and reuse of material and energy resources has enormous potentials, but they must be identified and properly exploited through a sustained research-development effort. It may be mentioned in this connection that an experimental unit for recycling household wastes is operating in Japan that processes 100 tons of domestic refuse (or as much as that "produced" daily by a city of 100,000) in 24 hours, from which 28 tons of fertilizers, 7,400 cubic meters of gaseous fuel, 25 tons of pulp and 3 tons of metal are extracted. In view of the good results of the experiment, they are considering construction of a network of such recycling units to process 36 million tons of household wastes a year.

The fifth objective is the general one of better use of all raw materials and materials. Compared with 1980, their use will be intensified by 29.5 percent in 1985, by about 41 percent in 1987, and by about 64 percent in 1990.

In this connection it is necessary to point out the very close relationship between conservation of resources and the service life of industrial products, which involves their quality. The UN Economic Commission for Europe tried to answer some questions about this relationship in a study it made 3 years ago analyzing the main ways of conserving the materials used in the machine building and electrotechnical industries, namely (a) reducing the quantity of metal incorporated in the finished products, (b) decreasing consumption in the manufacturing processes, and (c) enhancing the durability and performances of the products. Estimating that the actual service life of the industrial products tends to increase by 1.75 times, the study demonstrates that 3.9 times more metal could be saved that way than by reducing the quantity of metal incorporated in the finished products and 4.8 times more than by more intensive use of the metal. Also allowing for the fact that some of the industrial products, due to their poor quality, are withdrawn from use before the expiration of their regulation service life and that their replacement necessitates additional inputs of material and energy resources, the study concludes that the best way to rationalize use of the resources is to increase and effectively guarantee the durability of their products.

A last but not least important objective is to increase the effectiveness of the entire activity by reducing the material outlays per 1,000 lei of industrial commodity output.

The material outlays in national industry as a whole are to be reduced by about 81 lei per 1,000 lei of commodity output in 1985 compared with 1980, by more than 98 lei in 1987, and by about 133 lei in 1990. These reductions will be accomplished by lowering the inputs of raw materials, energy, fuels and materials by means of redesign of the present technologies and products and promotion of new manufacturing technologies and products leading to savings in resources, especially in electric power, primary energy, iron and steel products, petrochemical and inorganic chemical products, basic macromolecular products, pulp and paper, etc.

In order to carry out the foregoing provisions the tasks flowing from the program will be entered in the annual and long-range plans, and the consumption norms for raw materials, materials, fuels and energy will be specified as well as the technical and qualitative parameters to be attained. Thus in the first stage (up to 1985) the plan provisions call for application of more than 2,200 new and modernized technologies to production, including 440 technologies in the machine building, electrotechnical and electronics industries, 109 in the metallurgical industry, 850 in chemistry and petrochemistry, 370 in the construction materials and wood processing industry, 500 in light industry, over 170 in the food industry, etc. Meanwhile new and modernized machinery, equipment, installations and devices with high technical, qualitative and economic parameters will be assimilated in manufacture, and mechanization and automation will be expanded to make labor more effective in keeping with the program to increase labor productivity.

Product quality indicators are to be applied throughout the economy in order to secure control over all stages of the manufacturing process and to create a generalized system to heighten the workers' sense of responsibility for improving product quality. It is planned to use modern methods of analyzing and checking the latter in the machine building, electrotechnical and electronics industries especially, to expand modern methods of quality control, and to make effective use of the testing stand and measurement and control devices.

For example, the machine building, electrotechnical and electronics industries form one of the sectors bringing technical progress. If this sector is to fulfill its program tasks, a special effort must be made to renovate its products and manufacturing methods through more intensive exploitation of the metal, raw materials and energy used and a much greater contribution from scientific research and technological engineering incorporated in the products. Note in this connection that the price per ton of equipment ranges from about 100,000 lei for relatively simple technological equipment (foundry equipment, presses, machine tools etc.) to more than 500,000 lei per ton for equipment for metal processing by unconventional methods, and it exceeds 1 million lei per ton for electronic equipment and precision machinery.

The program calls for intensified efforts toward redesign, modernization and assimilation of new products on the part of this sector, so that practically all the products lagging behind world progress will be replaced by the end of 1985. An effort will also be made to improve and modernize the production structures by creating or developing such new and highly technical and complex sectors as microelectronics, industrial robots and equipment for nuclear electric power plants, for new forms of energy, for aircraft etc. Steps will also be taken to redesign and assimilate some products with limited inputs of copper, precious

metals and silicon sheets as well as miniaturized products manufactured in structural variants that will also meet special climatic requirements.

Technical and qualitative improvement of the products is to be accomplished by wide-scale promotion of such new, highly complex and efficient technologies as processing by plastic deformation in magnetic and electric fields, rolling rims for cogwheels, thermal and thermochemical treatments based on concentrated energy sources (lasers, grids [plasma], electron fascicles), flexible processing systems etc.

It is planned to enlarge the manufacturing assortment, especially in the highly technical sectors, with equipment with very high capacities, performances and power and higher grades of quality and precision. The proportion will be increased of machines, equipment and installations manufactured in families, based upon a uniform structural and operational design, and covering the whole range of requirements according to sizes and functions.

By way of illustrating the qualitative leap presented by the program, it may be said that all types of motor vehicles in current manufacture will be redesigned, modernized or replaced with other types by 1990, while the demands and competition on the foreign markets are growing more intensive every year. For instance in the FRG it was recently decided to prohibit the use of tetraethyl lead in automobile gasolines in the models that will be constructed beginning in 1986. The decision anticipates a Draconian regulation of the pollutant emissions in exhaust gases and may generate a reaction on a European scale in favor of reducing the emissions of carbon monoxide, total hydrocarbons and nitrous oxides. Under these circumstances it is clear that purification of exhaust gases will be integrated in the near future in the automotive industry's technologies.

The program also assigns particular qualitative tasks to another basic sector of the economy, namely chemistry. By the end of the current five-year plan action will have been taken particularly to bring the qualitative parameters up to the level of comparable products manufactured throughout the world, to reduce the content of impurities to the limit permitted by the international standards, and to increase the proportion of higher quality in the total output. Efforts will continue in the 1986-1990 period to perfect the technologies in order to improve the qualitative parameters of the products and also to reduce the inputs of energy and raw materials, especially in the factories for ammonia, sodium products, synthetic rubber, plastics etc. One vital objective is to develop chemical and biochemical processes to exploit new sources of raw materials and materials for the chemical industry.

Special emphasis is to be placed on exploitation of wastes, by-products and used products, in the case of rubber products, plastic, petroleum and inorganic materials, nonferrous metals and the residues from water purification. Efforts will also be concentrated on assimilating new products, especially drugs, dyes, auxiliary products, insecticides, intermediaries for polyurethanes, and ultrapure materials and substances for the electronics industry.

The Program for Technical and Qualitative Improvement of Products, Reduced Consumption of Raw Materials, Fuels and Energy, and Better Use of Raw Materials and Materials in 1983-1985 and on to 1990 assigns specific tasks on the levels of



the economic units and the central and local organs. And so by 1 March 1984 the ministries, centrals, enterprises and scientific research and technological engineering units are to draft their own quality programs specifying their tasks and responsibilities for the technical and qualitative improvement of all products in manufacture and the improvement of the technologies for production and quality control.

In order to keep the products' performances up to the level of the finest world achievements, analyses will be organized annually for every product (to be finalized in the first quarter), and the provisions of the quality programs will be updated on the basis of those analyses. An important part in the efficient conduct of these analyses will be played by the technical and economic data banks concerning the comparable products on the world level, which banks will be formed on the levels of the economic units, centrals and ministries.

The program heavily emphasizes improvement of the professional and technical-scientific knowledge of the workers and all personnel, since improvement of qualifications is essential to the best solution of the problems of every economic unit's modernization and of technical and qualitative improvement of the entire output. Meanwhile the professional training of the technical quality control personnel is to be enhanced by mastery of modern methods and especially of statistical control, in order to heighten the efficiency of control work and the sense of responsibility of those who perform it.

Implementation of the program for technical and qualitative improvement of products and better use of material resources requires extensive introduction and generalization of the latest elements of scientific and technological progress, and it will make a telling contribution to improvement of economic activity as a whole, since technical-scientific innovation and enhancement of quality are inexhaustible resources for greater productivity and effectiveness today and especially tomorrow.

Provision for high product quality is an urgent current necessity. In view of the requirements for intensive development of the national economy, implementation of the program must be a priority effort for all workers in production, research and design in industrial centrals, ministries and the other central organs, whose duty it is to firmly commit themselves to the complete and best fulfillment of the specified objectives and tasks.

5186

CSO: 2700/131

ROMANIA

BRIEFS

DISSOLUTION OF JOINT COMPANY--The Council of State of the Socialist Republic of Romania decrees that the dissolution and liquidation of the "ROMELITE S.A." Sibiu joint company is approved. The company ceased its activity as a result of the taking over by the Romanian party, the Industrial Central for Energy and Metallurgical Equipment in Bucharest, of the shares of stock of the Austrian party, the Franz Kohmaier Firm K.G. Vienna. [Excerpts]  
[Bucharest BULETINUL OFICIAL in Romanian Part I No 4, 21 Jan 84 p 1]

CSO: 2700/126

REPUBLIC BREAKDOWN ON 1983 FOREIGN TRADE

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Jan 84 p 3

[Article by Milorad Urosevic: "Unequal Contribution from the Republics and Provinces"]

[Text] The most favorable result, i.e., exports 1.3 percent greater than imports, was achieved by Montenegro and Serbia proper, with 94.7 dinars of exports to 100 dinars of imports, while Macedonia and Vojvodina had the least favorable ratios with 64.4 percent and 67.8 percent exports per 100 dinars of imports. The negative difference was reduced by 40.7 billion dinars, and in trade with the convertible area, by \$1.7 billion.

Exports to the convertible area increased 14 percent, and reached 397,871 billion dinars, or \$6.276 billion, as compared to \$5.526 billion in 1982, so that the positive difference amounts to \$750 million. At the same time, 512 billion dinars, amounting to \$8.076 billion, were paid for imports, as compared to \$9.069 billion in 1982, so that the deficit was reduced to \$1.8 billion. This was the greatest success in last year's trade, since the deficit with the convertible area in 1982 was \$3.54 billion more, so that last year it was virtually cut in half.

The contribution from the individual republics and provinces is different, as can be seen in the column "extent to which imports were covered by exports" (Table 1), but a true picture of the situation can only be obtained by eliminating the federation as responsible, in this case, for as much as 27.2 percent of the negative difference, which in monetary terms reaches \$490 million.

As for the share of the individual sociopolitical communities in the improvement achieved, this can be discussed with greater realism only when also looking at the results from trade with the clearing area, where the greatest burden was borne by Montenegro and Serbia without the territories of the provinces of Vojvodina and Kosovo, to which in any case insufficient exports are sometimes ascribed through one-sided consideration of trade with the convertible area.

There are certain specific features. The deficit of 28.2 billion dinars is the common denominator in the negative difference of 40,975 billion dinars that was achieved by Vojvodina, Slovenia, Macedonia, Croatia, and Bosnia-Herzegovina, and the positive difference of 20,578 billion more which was exported by Montenegro, Serbia, and Kosovo.

While in 1982, of every 100 dinars of exports, 55.70 dinars were exported to the convertible area and 44.30 dinars to the clearing area, last year 63.30 dinars went to the former and only 36.70 dinars to the latter; this was dictated by the need for convertible foreign exchange to repay maturing debts. At the same time, imports went in the opposite direction. In the year before last, of 100 dinars paid for imports, 70.80 dinars went to the convertible area and 29.20 dinars went to the clearing area, but last year imports from the former were reduced to 66.40 dinars, while imports from the latter were increased to 33.60 dinars. It is precisely these imports from the clearing area, because of the assortment dictated by the needs of Yugoslavia for oil and other raw materials, that is increasingly refuting the claim that exports to the clearing area are less valuable.

1) RAZMENA SA KONVERTIBILNIM PODRUČJEM 1983. GODINE

Tabela 1.

(3) Društveno- politička zajednica	(4) U milionima dinara		(8) Pokritivost		(9) Učeta u % u	
	(5) Izvoz	(6) Uvoz	(7) deficit	(10) Izvoz	(11) Uvoz	(12) deficit
SFRJ (13)	397.871	512.002	114.131	77,7	100,0	100,0
- Bosna i Hercegovina	53.575	61.893	8.318	86,6	13,5	12,1
- Crna Gora	5.035	7.583	2.548	66,4	1,3	1,5
- Hrvatska	89.089	108.127	19.038	82,4	22,4	21,1
- Makedonija	18.576	27.139	8.563	68,5	4,7	5,3
- Slovenija	100.430	103.916	3.486	96,7	25,2	20,3
- Srbija van teri- torija pokrajina	93.644	117.238	23.594	79,9	23,5	22,9
- Kosovo	4.332	10.706	6.374	40,5	1,1	2,1
- Vojvodina	32.720	43.882	11.162	74,5	8,2	8,6
FEDERACIJA 14)	470	31.518	31.048	1,5	0,1	6,1

Key:

- 1) Trade with the convertible area in 1983
- 2) Trade with the clearing area in 1983
- 3) Sociopolitical community
- 4) In millions of dollars
- 5) exports
- 6) imports
- 7) deficit
- 8) Extent to which imports are covered by exports

2) RAZMENA SA KLIRINSKIM PODRUČJEM 1983. GODINE

Tabela 2.

(3) Društveno- politička zajednica	(4) U milionima dinara		(8) Pokritivost		(9) Učeta u % u	
	(5) Izvoz	(6) Uvoz	(7) deficit	(10) Izvoz	(11) Uvoz	(12) deficit
SFRJ (13)	231.084	259.290	28.206	89,1	100,0	100,0
- Bosna i Hercegovina	39.179	44.517	5.338	88,0	17,0	17,2
- Crna Gora	5.398	2.712	+ 2.686	199,0	2,3	1,0
- Hrvatska	45.938	50.766	- 4.828	90,5	19,9	19,6
- Makedonija	13.371	23.307	9.936	57,4	5,8	9,0
- Slovenija	31.104	37.863	6.759	82,1	13,5	14,6
- Srbija van teri- torija pokrajina	65.514	50.856	+ 14.658	128,8	- 26,3	19,6
- Kosovo	7.718	4.484	+ 3.234	172,1	3,3	1,7
- Vojvodina	22.861	38.095	15.234	60,0	9,9	14,7
FEDERACIJA 14)	-	6.690	6.690	-	0,0	2,6

9) Share in percent in:

10) exports

11) imports

12) the deficit

13) SFRJ, Bosnia-Herzegovina, Montenegro, Croatia, Macedonia, Slovenia, Serbia proper, Kosovo, Vojvodina

14) the Federation

REPUBLIC, PROVINCIAL INVESTMENT IN KOSOVO

Pristina JEDINSTVO in Serbo-Croatian 18 Jan 84 p 10

[Article by (B.B.): "52 Self-Management Agreements Signed"]

[Text] According to data from the Economic Chamber of Kosovo, thus far, 52 self-management agreements have been signed in the economy of Kosovo on pooling labor and funds with organizations of associated labor from the socialist republics and the Socialist Autonomous Province of Vojvodina. The estimated value of these programs is 32,013,742,556 dinars, of which 12,409,993,964 dinars are pooled funds. Another 5,560,967,258 dinars will be secured from the rest of the sources. According to the resolution governing these programs, it is expected that 12,963 new workers will receive jobs. To this, one should also add the dump-truck tire program, which is also being carried out by pooling labor and funds.

Three self-management agreements have been signed with the associated labor of Bosnia-Hercegovina on pooling labor and funds, the estimated value of which is 1,406,703,327 dinars. Of this amount, 526,101,670 dinars are pooled funds from the Federation Fund and the International Bank for Reconstruction and Development. According to the resolution governing these investments, 817 workers will be employed.

Fifteen self-management agreements on pooling labor and funds have been signed in the economy of Croatia, with an estimated value of 12,016,965,343 dinars. Investments in addition to the funds from the Federation Fund and the International Bank for Reconstruction and Development will amount to 3,173,056,268 dinars. If this investment takes place, 3,859 workers will be employed.

Thus far, 11 self-management agreements have been signed with Slovenia. The value of these installations is 7,618,196,196. The pooled funds amount to 2,773,357,988 dinars, and 2,629 workers will obtain work with the construction of these 11 facilities.

The associated labor of Kosovo and Serbia have signed 18 self-management agreements for the construction of joint industrial installations. The estimated value of these investments is 8,086,334,690 dinars. When these capacities are turned over for use, 3,640 workers will be employed.

Five self-management agreements have been signed in the economy of Kosovo with the associated labor of Vojvodina on pooling labor and funds, the estimated value of which is 2,884,543,000 dinars. These programs will provide work for 2,010 workers. These self-management agreements do not include the programs for the Dump-Truck Tire Factory and the "Kosovo Electrical Industry" Program. A self-management agreement for the construction of the dump-truck tire factory was signed by 14 organizations of associated labor from all of the socialist republics and Vojvodina.

9909

CSO: 2800/198

## BRIEFS

CORRECTIONS TO 1984 BUDGET--Under Classification 08. Revenues From Other Socio-political Communities, Contributions of Republics and Autonomous Provinces, Under Form of Revenue 08-1-1, the number should be 18.083,810.000 instead of 18,083.810; similarly, under 08-1-2 through 08-1-8 three 0's should be added to each number. [Summary] [Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 7, 3 Feb 84 p 322].

INVESTMENT STATUS--According to the latest Social Accounting Service data, a total of 21,233 investment projects are being built throughout the country, with a preliminary estimated value of 1,679.7 billion dinars. The largest number of projects is being built in Serbia proper (35.6 percent), followed by Croatia (17.8 percent), Vojvodina (16.4 percent), and Slovenia (11.8 percent). The other republics and Kosovo account for 18.5 percent of the total investment projects. However, their estimated value accounts for one-third of all such investments; in other words, in the underdeveloped republics and Kosovo the investment projects are larger than in the other parts of the country and total 3,926 projects. These figures show that investments have not yet been reduced sufficiently. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Feb 84 p 2]

COAL PRODUCTION--There should be sufficient coal this year for thermal-electric power plants and industrial consumers. About 6 percent more coal than last year will be produced for industry, while 451,000 tons of quality coal for special industrial consumers and mass consumers is planned to be imported. However, if the Yugoslav railroads do not succeed in providing enough care, we will have to import some coal for electric power plants also this year. This also means that in some mines' production will be reduced. To illustrate the problem mines are experiencing because of lack of railroad cars, from March 1983 to the end of the year mines in Bosnia-Hercegovina alone had 19.5 percent fewer cars available than needed and, therefore, produced about 1 million tons less coal. If [all] mines were provided with spare parts, reproduction materials, equipment and rail cars as needed, they could produce more coal than needed for electric power stations and industry. It appears to be much more difficult to provide rail cars for transporting domestically produced coal than to import coal and transport it to consumers. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 10 Feb 84 p 5]



BANK INTEREST RATES--Last year 71 percent of all short-term bank credits were granted at interest rates between 20 and 45 percent; the remainder (29 percent) had rates between 10 and 15 percent. About 65 percent of long-term credits were granted at interest rates between 20 and 40 percent, while 15 percent of such credits had an interest rate of 15 percent. [Text] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Jan 84 p 9]

INVESTMENT EXPENDITURES--Outlays for investment in fixed assets last year rose 15 percent over 1982 and amounted to 757.7 billion dinars. According to the methodology used by the Social Accounting Service, this includes a 17.1 billion dinar rate-of-exchange difference; but it does not include payments made from foreign exchange accounts in Yugoslavia or from commercial and financial credits not handled by domestic banks, or investment outlays of internal banks. The highest increase in investment expenditures for fixed assets was in Kosovo (28.5 billion dinars was spent, an increase of 36 percent), then Slovenia (111.2 billion dinars, a 31-percent increase), Vojvodina (76.8 billion dinars; 21 percent increase), Bosnia-Hercegovina (126.5 billion dinars; 20 percent increase), Serbia proper (184.6 billion dinars; 19 percent increase), Macedonia (37.7 billion dinars; 6 percent increase), and Croatia (163.7 billion dinars; 1 percent increase). Montenegro spent 28.4 billion dinars, which was a 9-percent decrease. [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Jan 84 p 30]

MONEY SUPPLY, 1983--Last year (i.e., data as of 20 December 1983) the money supply increased 20 percent, or 3 times less than the rate of inflation; bank credit placements in foreign exchange increased 15 percent, and dinar credit placements increased 14.4 percent. The other social sectors accounted for 61 percent of the 130 billion dinar increase in the money supply, while OURs (organizations of associated labor) in the economy accounted for only 20 percent. As of the end of December the share of OURs in the economy in the money supply increase had risen to about 35 percent; thus alleviating illiquidity and the results of the restrictive monetary policy. In addition, the economy had replaced the restrictive policy and lack of money with mutual crediting, i.e., the non-collection of obligations. Such mutual crediting increased by about 300 billion dinars (in the first 9 months of last year), or double the amount of the increase in the money supply (which was 130 billion dinars as of 20 December 1983). According to data of that date, 96 billion dinars, the amount of money issued last year (which included 22.6 billion for commodity market reserves) was largely used by the economy in the form of credits for exports and agricultural reserves. In addition, 3.5 billion was used to buy up foreign exchange from the population, and 1.5 billion dinars for the railroads. Money issued for financing the sale of equipment was reduced by 0.3 billion dinars. But the largest reduction in primary issue was that issued to redeem securities (a reduction of 13.5 billion dinars). [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 30 Jan 84 p 30]

SAVINGS ACCOUNTS--As of 31 December 1983 citizens had a total of 1,221.2 billion dinars in savings accounts, compared to 731.4 billion dinars at the end of 1982; dinar savings increased by 62.8 billion dinars and foreign exchange savings increased by 427 billion dinars; i.e., by 25 percent for dinar savings and 88.2 percent for foreign exchange savings. [Text] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 6 Feb 84 p 9]